



IRS:CI ANNUAL REPORT 2021

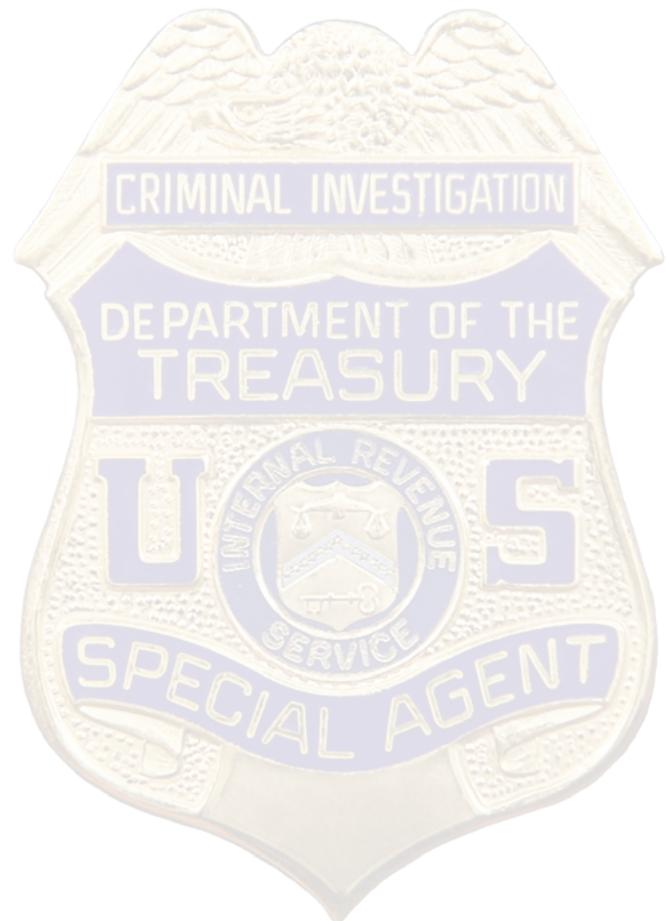


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Criminal Investigation Guiding Principles



Message from the Chief

I am proud to share the FY 2021 IRS Criminal Investigation Annual Report. The IRS, and our country, relies on CI's ability to investigate and recommend prosecution of criminal tax violations and other related financial crimes to the Department of Justice. The deterrent effect from our work reinforces the backbone of our voluntary compliance tax system -- a system that funds our government, our military, and our infrastructure. Criminal tax cases that are prosecuted and publicized provide a strong deterrent message to would-be tax evaders, helping to ensure the integrity and fairness in the U.S. tax system. It also provides deterrence to those who are considering other financial crimes. Our efforts put criminals on notice – they will be caught when they commit these crimes.

This year our country continued to face the challenge of the effects of Covid-19. CI faced those challenges as well, both as we interacted with the public and as we managed our internal workforce. Although our core mission remained the same, we approached our investigations this year with compassion. We recognized that among other Covid-19 difficulties, members of families and friends were lost. We carefully approached our work this year with this recognition in mind. We also provided vital public safety messages about Covid-19-related scams to protect the public and their financial interests.

But our underlying principles and our mission remained the same. They are what unite us and give us the structure to move forward seamlessly. Honor the Badge, Preserve the Legacy, Master Your Craft, and Inspire the Future are the guiding principles that IRS Criminal Investigation lives by and by which 2021 was defined.

HONOR THE BADGE. Our workforce honors the badge by working with a sense of ingenuity, tenacity, and teamwork to uncover the truth. We honor the badge by using not only the lessons learned in the past, but by looking ahead and developing the tools that will make us successful in the future. But honoring the badge many times comes down to doing the hard tax-related work we have always done. This was exemplified by a CI case this year where a software tycoon was charged in a 20-year scheme to hide \$2 billion in income – hailed as the largest U.S. tax case ever against an individual.

PRESERVE THE LEGACY. Our cases continue to be some of the most complex and impactful cases in the world and regularly appear on the front page of the nation's largest newspapers and websites. We increasingly rely

on data analytics to augment good old-fashioned police work and find those cases that have the biggest impact on tax administration. We are leading the world in our ability to trace virtual currency in financial investigations while still working our foundational tax enforcement mission areas. This year, a civil forfeiture complaint was filed for thousands of Bitcoin valued at approximately \$1 billion dollars, among the largest cryptocurrency seizures ever by the federal government. The complaint related to the Silk Road case, a sprawling black-market bazaar where unlawful goods and services were bought and sold regularly by the site's users.

MASTER YOUR CRAFT. The speed at which money moves today is almost instantaneous and the convenience that comes with that opens the door for criminals to exploit the latest technological advancements. The internet and the dark web have facilitated this change. CI has committed to staying ahead of these developments and we have made significant investments in training our employees in the latest tactics and techniques to be successful in a digital financial world. This year, we saw the first-ever sentencing of a Bitcoin case with a tax component. A former Microsoft employee defrauded the company of over \$10 million using a bitcoin mixer to hide taxable income. He was sentenced to nine years in federal prison.

INSPIRE THE FUTURE. The world is in many ways a smaller place these days, and financial crimes are increasingly international in scope. CI now works on a global scale to address this evolving future of law enforcement. We continued our partnership with the Joint Chiefs of Global Tax Enforcement (J5), an alliance between the criminal tax authorities of the U.S., Australia, Canada, the Netherlands, and the United Kingdom, and this year we netted our second plea under this J5 umbrella in a \$722 million cryptocurrency mining scheme. Our work is changing and has been impacted by cybercrime, but we have positioned ourselves to solve these sophisticated schemes. We also increasingly rely on social media to alert the public of our cases and warn them about possible scams.

Today's criminals think we cannot catch them, but as evidenced by some of the great casework in this report, it is clear we can. I'm proud of our accomplishments from this year and look forward to continued successes in the future.

—Jim Lee, Chief

HONOR THE BADGE

I will honor the badge by working with a sense of urgency, integrity, and professionalism every day.

PRESERVE THE LEGACY

I will preserve the legacy by doing all that I can to ensure that we maintain our place as the world's finest financial investigative agency.

MASTER YOUR CRAFT

I will master my craft through continuous learning, pursuit of excellence, and engagement with internal and external stakeholders.

INSPIRE THE FUTURE

I will inspire the future through a constant personal commitment to mentor others within the organization.



2021 Snapshot

\$2.19B

TAX FRAUD IDENTIFIED

\$8.18B

OTHER FINANCIAL CRIMES

1497

WARRANTS EXECUTED

89.4%

CONVICTION RATE

ABUSIVE
TAX SCHEMES

EMPLOYMENT
TAX

IDENTITY
THEFT

REFUND
FRAUD

INTERNATIONAL

CYBER CRIMES

GENERAL
TAX FRAUD

PUBLIC
CORRUPTION

CORPORATE
FRAUD

GENERAL
FRAUD

MONEY
LAUNDERING

OCDETF
Organized Crime
Drug Enforcement
Task Force

72%

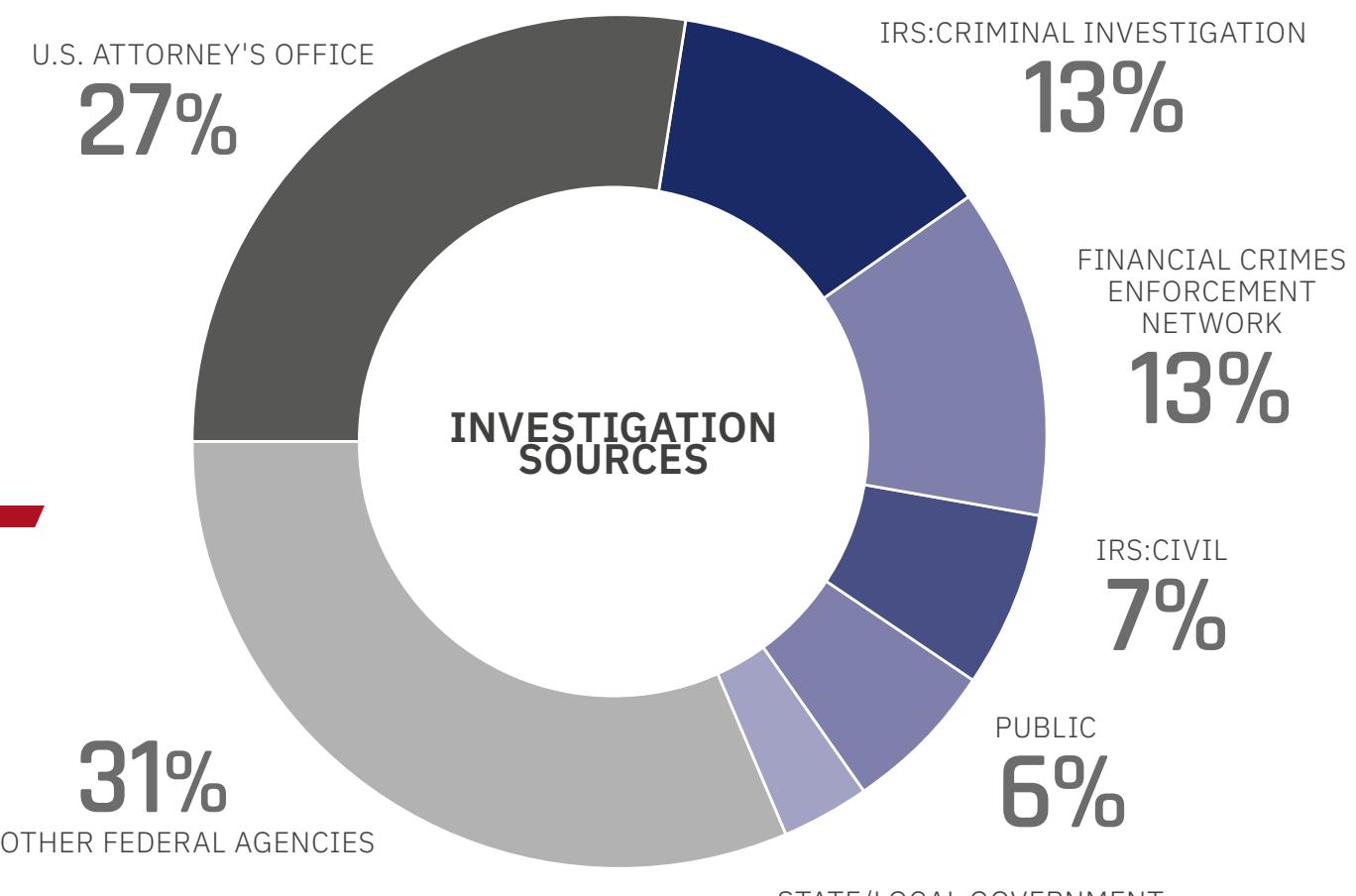
15.4%
NON-TAX

11.2%
NARCOTICS

DIRECT INVESTIGATIVE TIME SPENT*

PERCENTAGES

*1.4% UNCATEGORIZED



TAX CRIMES



IRS: CRIMINAL INVESTIGATION'S (CI) primary resource commitment is to develop and investigate tax crimes, including both legal and illegal source cases. Prosecution of these cases supports the overall IRS compliance goals and enhances voluntary compliance with the tax laws. CI works some of these investigations with our federal, state, and local law enforcement partners, as well as with foreign tax and law enforcement agencies. The Illegal Source Financial Crimes Program encompasses tax and tax-related, money laundering, and currency violations. These investigations focus on individuals deriving income from illegal sources, such as money obtained through embezzlement, bribery, and fraud. The individuals can be legitimate business owners, who obtain their income through illegal means. These investigations focus on methods through which individuals seek to launder their ill-gotten income by making it appear the income is from a legitimate source. Frequent money laundering techniques include the manipulation of currency reporting requirements, the layering of transactions, and the international movement of funds.

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 the 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 under report or omit income from their tax returns will be held accountable for their actions. One area within this program is CI's investigations regarding high income taxpayers who have a filing requirement but deliberately choose not to file returns and pay taxes owed. Other common practices involved in general tax fraud investigations include keeping two sets of books, making false entries in books and records, claiming personal expenses as business expenses, claiming false deductions or credits against taxes owed, and hiding or transferring 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 these cases to a successful conclusion.

1372

INVESTIGATIONS INITIATED

850

PROSECUTIONS RECOMMENDED

633

SENTENCED

REFUND FRAUD PROGRAM

The Refund Fraud Program consists of three parts: Questionable Refund Program (QRP), identity theft refund fraud investigations, and the Abusive 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 individuals, either knowingly or unknowingly, 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 stolen identify refund fraud (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 SSN 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, Abusive Return Preparer Program investigations involve the orchestrated preparation and filing of false income tax returns by corrupt return preparers. 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.

ABUSIVE TAX SCHEMES

CI focuses on the investigation of promoters and clients, who willfully violate tax laws by participating in domestic and offshore tax schemes. The schemes are usually complex involving multi-layer transactions for the purpose of concealing 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 a trustee, nominee, non-resident alien, or other foreign entity is the owner of the assets and income, when in fact the true ownership and control remains with a U.S. taxpayer.

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. ♦

NON-TAX CRIMES



IRS: CRIMINAL INVESTIGATION'S (CI) Illegal Source Financial Crimes Program investigates tax and tax related crimes, money laundering, and currency violations. The special agents' investigations focus on individuals who receive income from illegal sources, such as embezzlement, bribery, and fraud. They also focus on 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, the use of Black Market Peso, and moving funds internationally. The domestic and international law enforcement community recognize CI's special agents as the premier experts in money laundering investigations.

MONEY LAUNDERING

Money laundering, as defined in the National Money Laundering Strategy, is criminal finance. Money laundering creates an underground, untaxed economy that harms our country's overall economic strength. When criminals or criminal organizations seek to disguise the illicit nature of their money by introducing it into the stream of legitimate commerce and finance, they launder money. The traditional image of money laundering portrays someone manually washing drug money from city streets and turning it into legitimate financial transactions, such as those for bank deposits and other assets. In contrast, criminals today can utilize a computer, tablet, or smart phone to move large amounts of criminally derived funds into or through the United States and foreign financial institutions. They launder money through a wide variety of enterprises, such as banks, money transmitters, stock brokerage houses, casinos, and virtual currency exchanges. The flow of illegal funds around the world is estimated to be hundreds of billions of dollars. Whenever money, whether it be legal or illicit, moves through a financial system, it leaves behind a trail of transactions. When

1209

INVESTIGATIONS INITIATED

1132

PROSECUTIONS RECOMMENDED

635

SENTENCED

NEWARK FIELD OFFICE:

Special agents show their badges while visiting a person of interest during an investigation.

uncovered, the trails often identify the main perpetrator and accomplices, who willingly enable and finance the criminal activity. The perpetrators often view crime with deliberate blindness, negligence, or disregard.

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

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. Through the analysis of BSA data, CI has identified significant, complex money laundering schemes and other financial crimes. CI is one of the largest law enforcement consumers of BSA data. The CI BSA program has grown substantially since its start in

early 2000. The primary objective of the program is to analyze BSA information to identify significant financial criminal activity. Although Financial Crimes Enforcement Network (FinCEN) is the agency tasked with administering the BSA, they have no criminal enforcement authority. The U.S. Treasury Secretary delegated all criminal enforcement of BSA to IRS: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. CI uses various data analytics tools to actively analyze BSA data and to identify leads for possible investigation. CI leads SAR Review Teams (SAR RTs) and Financial Crimes Task Forces (FCTFs) in all 94 judicial districts across the country.

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 trafficking, and terrorist financing. Each of the SAR RTs and FCTFs operate in a slightly different fashion, based on the direction and oversight from their respective U.S. Attorney's offices (USAO). Once CI special agents

Non-Tax Crimes

identify leads in their respective areas, they meet with participating law enforcement agencies to discuss and disseminate the leads for action. While all of the major federal agencies use BSA data to supplement their investigations, only CI regularly triages BSA data for leads and possible criminal violations. CI's financial investigative focus allows them to leverage BSA data better than any other U.S. law enforcement agency. As a result, 13% of all CI investigations initiated in fiscal year 2021 were the direct result of BSA data. CI currently has upwards of 200 special agents and investigative analysts working on SAR RTs and FCTFs around the country.

CI strengthens the BSA program by maintaining excellent working relationships with anti-money laundering officials within the financial industry. During the past year, CI participated in numerous local, regional, national, and international anti-money laundering forums and conferences, both in-person and virtually, and presented on various topics including CI's role in investigating financial crimes, case studies, and typologies. CI also continues to partner with FinCEN and other federal law enforcement agencies to provide feedback and outreach to the financial industry.

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 increased 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

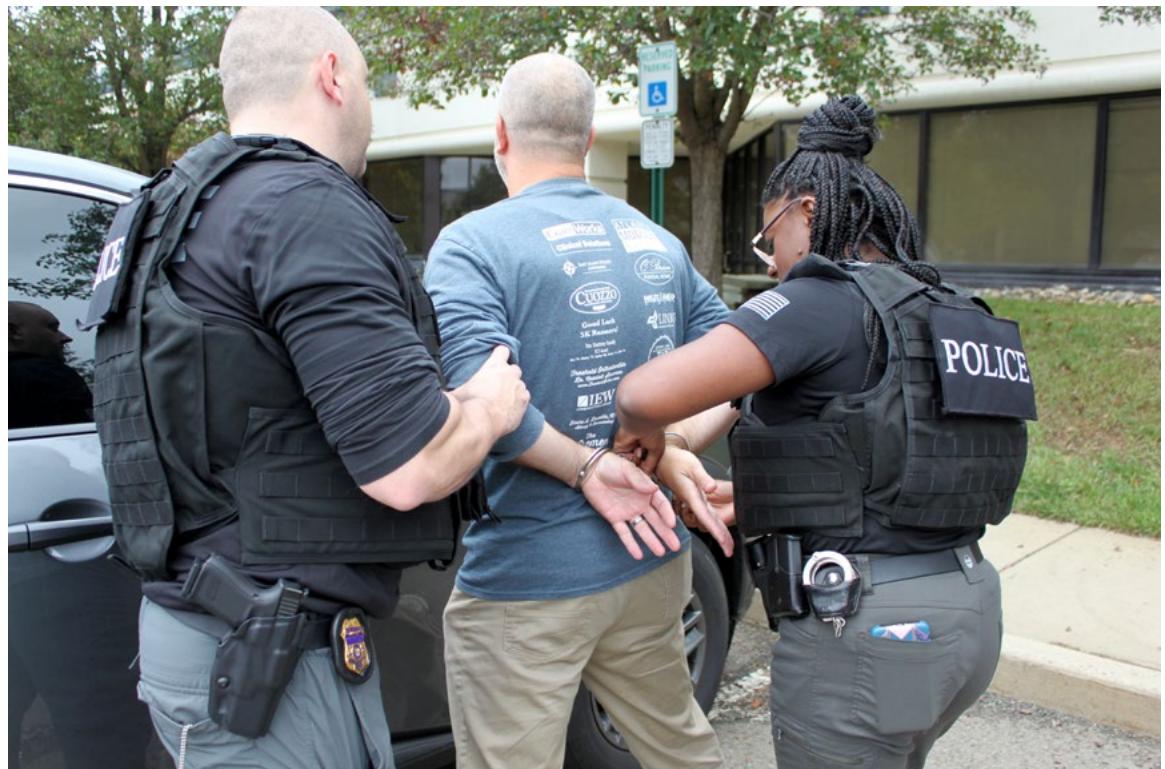
the false information to complete tax returns, financial statements, and reports for regulatory agencies or investors. Corporate fraud can also include executives who receive unauthorized compensation, unapproved payments and bonuses, corporate funds, or fraudulent loans used to pay personal expenses.

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. CI 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.

SIGNIFICANT CASE

August 2021, the United States District Court for the Middle District of Florida sentenced two sisters for their \$25 million tax fraud scheme. Petra Gomez was sentenced to eight years in federal prison for conspiracy to defraud the government and tax evasion. Gomez's sister, Jakeline Lumucso, previously pleaded guilty to conspiracy to defraud the government and was sentenced to four years in prison. The court also ordered Gomez and Lumucso to pay \$24,940,495 in restitution to the IRS. Gomez was ordered to pay an additional \$510,999 to the IRS for tax evasion. From January 2012 to June 2016, Gomez and Lumucso conspired to defraud the IRS by submitting more than 16,000 false tax returns, which resulted in nearly \$25 million in fraudulent tax refunds. To conceal the fraud, Gomez and Lumucso created five different tax preparation companies. In some instances, they opened the companies in the names of other people to conceal the fraud. In addition, when filing her 2014 tax return, Gomez failed to declare more than \$800,000 in income. Gomez claimed \$213,434 in earnings, when she actually earned \$1,110,508. This resulted in an additional tax liability of \$510,999 for tax year 2014. ♦



NEWARK FIELD OFFICE:
Special agents arrest a suspect during an investigation.



DENVER FIELD OFFICE:
Special agents conduct training on how to safely secure an office building.

CYBER CRIME UNIT

SINCE 2015, CI continues to build a cybercrimes program to address the exponential growth of cybercrime impacting the tax, financial, and economic systems of the United States. A Cyber Crime Unit (CCU) with locations in our Los Angeles and Washington, D.C. Field Offices was part of the initial launch of the program and a headquarters Cyber Crimes office and cybercrimes coordinators in each of our 21 Field Offices followed. Over the last few years, CI has prioritized training and the deployment of cryptocurrency, blockchain and open-source intelligence (OSINT) technologies to unravel complex cyber-financial criminal schemes. To ensure CI's capabilities continue to evolve with the online and digital payment landscape, CI plans to launch an Advanced Collaboration & Data Center (ACDC) in the Northern Virginia area in 2022. The focus of the center will be to bring together data, technology, and specialized personnel from across Treasury and government to work on high impact solutions to protect the integrity of our tax and financial systems. The integration of the Eastern CCU (Washington D.C. Field Office) and Cyber Support Unit will ensure ACDC maintains an operational focus and strives to bring high-tech solutions posing the most significant threats to our tax, financial and economic systems.

CCU investigations involve the internet and internet-based technologies that enable criminals to engage in illegal activity with anonymity and without a defined physical presence. The CCU focuses its efforts on multijurisdictional investigations posing the most significant threats to the U.S. tax and financial systems. These crimes almost always involve the use of crypto currencies to facilitate the criminal activity. Field office special agents and professional staff working cybercrime investigations are focused primarily on cyber enabled investigations that involve theft and fraud and are increased in scale by the use of computers, computer networks, or other forms of technology.

Over the past several years, CI has seen an increasing growth in the number of criminals using the cyber environment to facilitate Stolen Identity Refund Fraud (SIRF), Covid fraud, and other refund fraud using the tax system as a facilitator to receive government payments. During this same period, data loss incidents reported to the IRS have drastically increased. These data loss incidents include data intrusions, business email compromises, phishing schemes, and bank account takeovers victimizing private sector entities involved in the tax eco-system and the IRS. These thefts target detailed financial data, prior year tax returns, and payroll records that criminals use to generate SIRF claims that mirror a victim's actual tax return. During these types of cybercrime investigations, special agents use their close working partnerships with other law

enforcement agencies and their capabilities as law enforcement officers to gather valuable intelligence about SIRF, refund fraud crimes, and information that affects the integrity of IRS online systems and the tax system as a whole. They share criminal intelligence in real time with their IRS civil counterparts to aid taxpayer and revenue protection efforts. The IRS also uses this information to develop internal defenses that help identify and prevent further losses associated with fraudulent claims. CI's cybercrime investigative efforts focus on subjects using the internet as an essential means to commit the crime, remain anonymous, and elude law enforcement while concealing financial transactions, ownership of assets, or other evidence. As with all types of crimes within CI's area of responsibility, special agents working cybercrimes investigations use the same "follow the money" strategy that made CI's involvement in complex investigations a mainstay since the creation of the agency in 1919.

SIGNIFICANT CASES

Feds Seize over \$1 Billion in Crypto Currency

November 5, 2020, the United States moved to forfeit thousands of bitcoins, valued at over \$1 billion, seized by CI CCU. Silk Road creator Ross Ulbricht was convicted in 2015 by a New York federal jury of seven criminal counts, including conspiracy to distribute narcotics and money laundering. His prosecution left open a billion-dollar question – where did the money go? This forfeiture answers that question, at least in part. This was the largest seizure of cryptocurrency in U.S. history. CCU special agents and personnel used a third-party bitcoin attribution company to analyze bitcoin transactions executed by Silk Road and were able to identify 54 previously undetected bitcoin transactions executed by Silk Road, which were the proceeds of unlawful activity, stolen from Silk Road in or about 2012 and 2013. These funds were traced to a bitcoin address. Further investigation of that bitcoin address by CCU special agents & personnel revealed that the funds were connected to Individual X. It was further determined that Individual X had hacked the funds from Silk Road.

\$3.5B CRYPTOCURRENCY SEIZED

93% OF ALL CI SEIZURES

Pursuant to the investigation of the hack, CCU special agents seized several thousand Bitcoins on November 3, 2020. On November 4, 2020, the seized Bitcoin had a value of over \$1 billion.

CI Lifts the Fog on Notorious Darknet Cryptocurrency Mixing Service

April 27, 2021, Roman Sterlingov, a dual Russian-Swedish national, was arrested at Los Angeles

International Airport on criminal charges related to his alleged operation of the longest-running bitcoin money laundering service on the darknet. Sterlingov, 32, operated Bitcoin Fog since 2011. Bitcoin Fog was the longest-running cryptocurrency "mixer," gaining notoriety as a go-to money laundering service for criminals seeking to hide their illicit proceeds from law enforcement. Over the course of its decade-long operation, Bitcoin Fog moved over 1.2 million bitcoin – valued at approximately \$335 million at the time of the transactions. The bulk of this cryptocurrency came from darknet marketplaces and was tied to illegal narcotics, computer fraud and abuse activities, and identity theft. Sterlingov is charged with money laundering, operating an unlicensed money transmitting business, and money transmission without a license in the District of Columbia. This is only the second cryptocurrency mixing service case brought by the Department of Justice, and both were investigated by CI CCU. The investigation illustrates CI's dual focus of fighting crypto-related crime and protecting the tax and financial systems from illicit activity.

Microsoft Employee Sentenced to 9 Years for Stealing more than \$10 Million and Using a Bitcoin Mixing Service to Hide the Proceeds

November 9, 2020, Volodymyr Kvashuk, was sentenced to 9 years in prison for 18 felonies related to his scheme to defraud Microsoft of more than 10 million dollars. Volodymyr Kvashuk, 26, was convicted in February of wire fraud, money laundering, and filing false tax returns, among other charges, connected with his scheme to embezzle over \$10 million worth of gift cards from Microsoft. Kvashuk was a software developer for Microsoft that exploited a vulnerability in Microsoft's program for testing software related to their online store. This vulnerability allowed Kvashuk to obtain over \$10

million in virtual gift cards at no cost. Kvashuk sold the gift cards on a third-party website at a large discount in exchange for bitcoin, which he attempted to launder through the use of bitcoin mixing services. He then used the laundered funds to purchase a \$1.6 million waterfront property, a \$160,000 Tesla vehicle, and fund a million-dollar investment account. Kvashuk then lied to his tax return preparer regarding the source of his wealth and filed a fraudulent tax return, failing to report his income from the scheme. CI CCU special agents and personnel investigating the case were able to connect Kvashuk to the theft of over 150,000 gift cards, track their sale for bitcoin, and follow the proceeds through bitcoin mixing services until Kvashuk ultimately converted the bitcoin to cash, and identified the assets he subsequently purchased. CCU special agents were able to document and explain methods used by Kvashuk at trial, leading to a conviction on 18 counts, including wire fraud, money laundering, and filing false tax returns.

Ukrainian Cyber Criminal Extradited for Decrypting the Credentials of Thousands of Computers across the World and Selling Them on the Dark Web to Facilitate Tax Fraud, Ransomware and Other Crimes

September 7, 2021, Glib Oleksandr Ivanov-Tolpintsev (28, Chernivtsi, Ukraine) was ordered detained by U.S. Magistrate Julie S. Sneed pending trial. Glib Oleksandr Ivanov-Tolpintsev was extradited in connection with charges of conspiracy, trafficking in unauthorized access devices, and trafficking in computer passwords. Ivanov-Tolpintsev faces a maximum penalty of 17 years in federal prison. Ivanov-Tolpintsev was taken into custody by Polish authorities in Korczowa, Poland, on October 3, 2020, and extradited to the United States pursuant to the extradition treaty between the United States and the Republic of Poland. Ivanov-Tolpintsev controlled a "botnet," which is a network of computers infected with malware and controlled as a group without the owners' knowledge. He used the botnet to conduct brute-force attacks designed to decrypt numerous computer login credentials simultaneously. During the course of the conspiracy, Ivanov-Tolpintsev stated that his botnet was capable of decrypting the login credentials of at least 2,000 computers every week. Ivanov-Tolpintsev then sold these login credentials on a dark web website that specialized in the purchase and sale of access to compromised computers. Once sold on this website, credentials were used to facilitate a wide range of illegal activity, including tax fraud and ransomware attacks. CI CCU special agents and personnel helped unwind the digital and financial trails to bring Ivanov-Tolpintsev and others to justice. Through this work, CI helped identify thousands of victims and protect thousands more from tax fraud and other financial crimes. ♦

NARCOTICS AND NATIONAL SECURITY

IRS:CI SIGNIFICANTLY CONTRIBUTES to the success of U.S. national security programs by identifying, disrupting, reducing, or eliminating the profits and financial incentives of individuals, entities, and transnational criminal organizations (TCOs) engaged in crimes associated with narcotics trafficking, human trafficking, terrorism financing, economic espionage, and money laundering crimes in support of these crimes. CI special agents investigate criminal violations of the Internal Revenue Code, Bank Secrecy Act, federal money laundering statutes, and the International Emergency Economic Powers Act. CI special agents utilize their unique financial investigation skills to trace financial transactions between individuals, businesses, and criminal organizations and to identify sophisticated schemes designed to disguise illegal transactions. Criminal prosecutions in these cases dismantle and disrupt criminal networks through criminal prosecution. CI's office of Narcotics and National Security section 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.

Some of the 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 (NJCTTF)
- National Counterintelligence Task Force (NCITF)
- High Intensity Drug Trafficking Area (HIDTA)



Special agents meet about an investigation as they enter the Narcotics and National Security main office.

The Narcotics and National Security sections also support the following programs: the U.S. National Drug Control Strategy, the White House's Strategy to Combat Transnational Organized Crime, the 2020 National Illicit Finance Strategy, the U.S. Government's National Counterterrorism Strategy, the National Strategy for Countering Domestic Terrorism, and the National Counterintelligence Strategy.

IRS: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 TCOs. In 2019, Narcotics and National Security partnered with the Organization for Economic Cooperation and Development Task Force on Tax Crimes and Other Crimes to update their Money Laundering and Terrorist Financing Awareness Handbook for tax examiners and tax auditors. This work continued in 2020 and 2021 and resulted in updates to the Financial Action Task Force's recommendations for member countries to improve money laundering compliance. The products and engagement raise awareness on money laundering and terrorist financing techniques with our international partners and encourage bi-lateral investigations. In 2021, Narcotics and National Security partnered with Treasury's Office of Terrorism Finance and Financial Crimes to update the FY 2021/FY 2022 National Money Laundering and Terrorist Financing Risk

Assessment. The purpose of the risk assessment is to identify, assess, and understand the changing landscape of money laundering and terrorist financing within the United States, so that agencies, prosecutors, and legislative changes can be considered and implemented to mitigate these risks.

In September 2020, CI's Director of Narcotics and National Security participated in the Federal Bureau of Investigation's inaugural kick off of their National Counterintelligence Task Force (NCITF), where CI was an inaugural member. As of May 2021, CI formalized its partnership in NCITF.

Beginning with FY 2021, Narcotics and National Security established the Cyber-OCDETF initiative. This is a pilot program working with field offices, contractors, and law enforcement partners to coordinate on cyber-related narcotics investigations. This initiative led to CI's Narcotics and National Security section formalizing our participation and engagement with Joint Cyber Opioid Darknet Enforcement (JCODE) task force. In June 2021, CI assigned a liaison officer to the JCODE mission to develop, research, coordinate, and refer cyber narcotics investigations to CI special agents.

SIGNIFICANT CASE

August 2019, CI special agents worked with 30 other law enforcement agencies in Virginia, North Carolina, and Texas in a joint OCDETF operation known as Operation Cookout. The investigation pertained to a transnational criminal organization linked to the Sinaloa Cartel. The organization had a narcotics distribution network operating on both the east coast of the United States and California. The investigators executed simultaneous search, arrest, and seizure warrants, which resulted in the arrest of 35 defendants for their respective roles in the ongoing criminal conspiracy enterprise. Investigators also seized 24 firearms, 30 kilograms of fentanyl, 30 kilograms of heroin, 5 kilograms of cocaine, and over \$700,000 in cash. In July 2021, the ringleader and last defendant to be convicted was sentenced to 33 years in prison. In all, 45 defendants were charged in Operation Cookout and all have pleaded guilty. Most of the defendants' sentences ranged from 2 to 10 years in prison. However, five defendants were sentenced to between 15 and 25 years in prison. ♦



NEWARK FIELD OFFICE:
Special agents collect documents, records, and computer assets during a search and seizure.

PPP/EIDL/COVID FRAUD

THROUGHOUT FISCAL YEAR 2021, we continued to deal with the effects of the Covid-19 pandemic. Unfortunately, criminals haven't stopped committing crimes just because there is a national health emergency. In fact, some criminals pounce on the opportunity to take advantage of others as well as government programs designed to help the American people in times of crisis.

We lead investigations into fraudulent claims for economic impact payments, Paycheck Protection Program (PPP) loans, and refundable payroll tax credits from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP offers billions of dollars in potentially forgivable loans to keep workers on the payroll, guaranteed by the Small Business Administration (SBA). Working with our law enforcement partners, CI has opened investigations involving various allegations of individuals attempting to take advantage of these government programs designed to help struggling individuals and businesses.

Some examples of these investigations include:

February 10, 2021, David T. Hines of Miami, Florida, pled guilty to fraudulently obtaining nearly \$4 million in PPP loans. Hines fraudulently sought millions of dollars in PPP loans through applications to an insured financial institution on behalf of various companies. These loan applications made numerous false and misleading statements about the companies' respective payroll expenses. Instead of using the received PPP funds to make payroll payments, Hines instead used approximately \$318,000 of those funds to purchase a 2020 Lamborghini Huracan sports car. Hines was sentenced to 78 months confinement and 36 months of supervised release.

March 15, 2021, Mukund Mohan of Clyde Hill, Washington, pled guilty in connection with his role in obtaining over \$5.5 million in PPP loans. Mohan submitted at least eight fraudulent PPP loan applications to federally insured financial institutions in which he made false and misleading statements, as well as submitted fake and altered tax filings and incorporation documents. Mohan was sentenced to 24 months confinement, 36 months of supervised release and a fine of \$100,000.

June 2, 2021 Thomas Smith of Pewaukee, Wisconsin, was sentenced to 57 months confinement, 24 months of supervised release and ordered to pay \$960,000 in restitution for fraudulently obtaining over \$1 million in PPP loans. Smith fraudulently sought over \$1.2 million in PPP loans through applications to a federally insured financial institution on behalf of eight different companies. According to his plea agreement, Smith caused to be submitted fraudulent loan applications containing numerous false and misleading statements about the companies' respective payroll expenses. Based on these representations, the financial institution approved and funded over \$1 million in loans. Smith then directed his co-conspirators to send him portions of the PPP funds.

July 28, 2021, Dinesh Sah of Coppell, Texas, was sentenced to 135 months of confinement, 36 months of supervised release and ordered to pay \$17,284,649 in restitution in connection with his fraudulent scheme to obtain approximately \$24.8 million in PPP loans. Sah submitted 15 fraudulent applications, filed under the names of various purported businesses that he owned or controlled, to eight different lenders seeking approximately \$24.8 million in PPP loans. Sah claimed that these businesses had numerous employees and hundreds of thousands of dollars in payroll expenses when, in fact, no business had employees or paid wages consistent with the amounts claimed in the PPP applications. Sah received over \$17 million in PPP loan funds and diverted the proceeds for his personal benefit, using them to purchase multiple homes in Texas, pay off the mortgages on other homes in California and buy a fleet of luxury cars, including a Bentley convertible, Corvette Stingray and Porsche Macan.

September 16, 2021, Fahad Shah of Murphy, Texas, was sentenced to 31 months confinement and 36 months of supervised release for perpetrating a scheme to fraudulently obtain more than \$3.3 million in PPP loans. According to court documents, Shah sought approximately \$3.3 million in PPP funds by claiming that his family's business, WBF Weddings by Farah Inc. (WBF), employed more than 100 individuals and paid millions of dollars in compensation to those employees. In actuality, WBF had no employees aside from Shah and his wife. Based on Shah's false representations and forged documents, an SBA-approved lender provided over \$1.5 million in PPP loan funds to Shah. Shah then used the funds for personal gain contrary to program's terms, paying off his home mortgage and purchasing two Teslas and a Mercedes, among other items. ♦

ASSET RECOVERY & INVESTIGATIVE SERVICES

IRS:CI ASSET FORFEITURE PROGRAM uses seizure and forfeiture authority as an investigative tool to disrupt and dismantle criminal enterprises. The program seeks to deprive criminals of property used in, or acquired through, illegal activities. IRS:CI conducts criminal investigations that use our financial expertise and resources. In part, IRS:CI is one of the larger contributors 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 as well as to reimburse for law enforcement related expenses, such as additional training, equipment, and the cost of 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, 2021, IRS:CI seized assets having an estimated value of approximately \$1.3 billion and forfeited approximately \$91 million in ill-gotten proceeds.

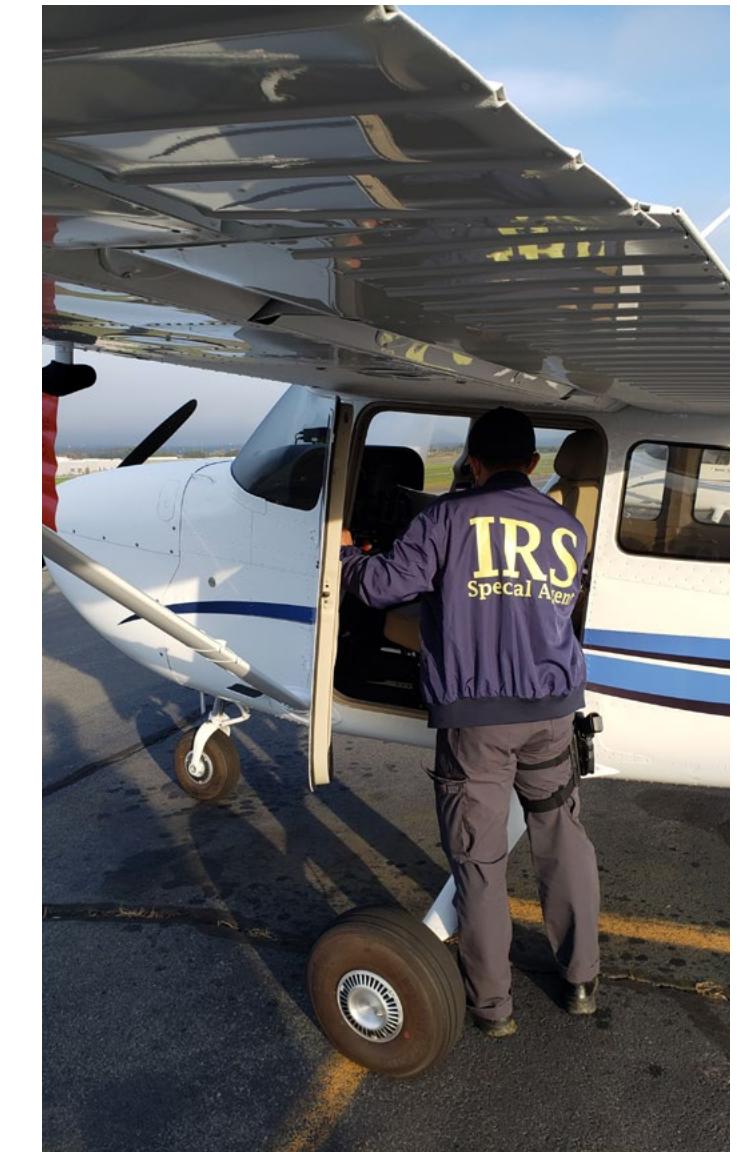
SIGNIFICANT FORFEITURES

New York Field Office

Switzerland's largest insurance company, Swiss Life Holding AG, and three subsidiaries entered a deferred prosecution agreement (DPA) with the Department of Justice in the Southern District of New York. Swiss Life admitted to conspiring with U.S. taxpayers to hide assets and income in offshore accounts and as part of the agreement, Swiss Life will pay a total of \$77,374,337 to the United States, to include a forfeiture of \$35.7 million. From 2005 to 2014, Swiss Life through affiliated insurance carriers in Liechtenstein, Luxembourg, and Singapore maintained approximately 1,608 Private Placement Life Insurance (PPLI) policies. The PPLI Carriers' issuance and administration of those policies and the related investment accounts were often done in a manner to assist U.S. taxpayers in evading U.S. taxes and reporting requirements as well as concealing the ownership of offshore assets.

Atlanta Field Office

Wade Ashley Walters, a co-owner of numerous compounding pharmacies and pharmaceutical distributors, was sentenced to 18 years imprisonment in the Southern District of Mississippi for his role in a multimillion-dollar scheme to defraud TRICARE, the health care benefit program serving the U.S. military, veterans, and their families, as well as private health care benefit programs.



WASHINGTON D.C. FIELD OFFICE: Special agents seize a airplane as part of an investigation.

Walters was also ordered to pay \$287,659,569 in restitution and forfeit \$56,565,963, representing the proceeds he personally derived from the fraud scheme. Between 2012 and 2016, Walters orchestrated the scheme to defraud the health care benefit programs by distributing compounded medications that were not medically necessary in an amount exceeding \$287 million. Walters further conspired with others to launder the proceeds of his fraud scheme by engaging in monetary transactions in amounts of over \$10,000 in proceeds from the fraud scheme, including transactions relating to his participation in a sham intellectual property scheme. ♦

SPECIALIZED UNITS

INTERNATIONAL TAX AND FINANCIAL CRIMES

IRS:CI increased voluntary compliance and reduced the tax gap related to offshore tax evasion through several well-publicized programs and investigations, including the Swiss Bank Program and the UBS, Credit Suisse and the HSBC investigations. CI started the International Tax and Financial Crimes (ITFC) group in late 2017. The group is a specialty group within the Washington, D.C. Field Office and is made up of special agents from across the United States. The special agents are experts in international tax investigations and use their skills to identify and investigate international tax evasion schemes.

The ITFC utilizes strategic partnerships with external agencies, including the United States Attorney's offices and the Department of Justice Tax Division. IRS:CI also created a network of internal resources that assist in identifying leads, analyzing data, and performing investigative tasks. The ITFC works with investigative analysts, foreign-based attachés, personnel from special investigative techniques, and International Operations. 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 the Netherlands) to further CI's international mission to combat offshore tax evasion.

The IFTC works to identify and investigate enablers, financial institutions, third-party asset managers, promoters, referral agents, and expatriated U.S. citizens, who utilized international jurisdictions to effect tax fraud. The ITFC also ensures compliance with the Bank Secrecy Act by identifying and investigating those U.S. persons who fail to report their foreign accounts.

SIGNIFICANT CASE

May 2021, the United States District Court for the Southern District of Florida sentenced Dusko Bruer to 24 months in prison for willfully evading the assessment of millions of dollars in taxes between 2007 and 2014 and for not reporting his foreign financial accounts from 2006 through 2015. Bruer, a Croatian national and naturalized United States citizen, filed income tax returns for the tax years 2007 through 2014, which he knew did not include income received from his company or through his foreign bank accounts. Bruer used bank accounts in Croatia, Germany, Serbia, and Switzerland to conceal his income from the IRS from 2006 to at least 2015, and he did not report the bank accounts, as required by law. Between 2007 and 2011, Bruer transferred \$5.8 million from domestic accounts to these foreign financial accounts. In total, between 2007 and 2014, Bruer did not report \$7,726,213 in income, which would have resulted in an additional tax due of \$2,789,538. Bruer used his unreported offshore accounts to fund a lavish lifestyle, which included the purchase of foreign property, a \$1,350,000 yacht, and \$1,650,000 home in Lake Worth, Florida.

November 5, 2020, the IFTC executed a global day of action on a case involving a tax evasion case with multiple targets. Special agents from the IFTC coordinated enforcement activity in nine states and three countries, on three separate continents. The IFTC coordinated with J5 personnel, seven IRS:CI field offices, and IRS:CI attaches in London, The Hague, and Dubai. In connection with this day of action, the following activities occurred:

- Search warrants were executed at three locations in the United Kingdom and at two locations in the Netherlands.
- Agents interviewed 25 witnesses in nine U.S. states, including Oregon, Florida, California, Texas, Hawaii, Alabama, New York, Colorado, Memphis, and in three countries (the United Kingdom, the Netherlands, and the United Arab Emirates). Offers of cooperation were secured from several witnesses/subjects.
- Agents served 43 grand jury subpoenas.

GLOBAL ILLICIT FINANCIAL TEAM

The Global Illicit Financial Team (GIFT) is a task force led by IRS:CI that investigates organizations that illicitly move money used to support international crime organizations. GIFT is a major conduit of CI's money laundering strategy and a focal point for the CI Money Laundering Cadre. GIFT works with various partner agencies, including Homeland Security Investigations (HSI) and the Department of Defense Office of Inspector General (DOD OIG). GIFT and CI Money Laundering Cadre consist of special agents from all CI field offices, as well as partner agencies. The group is supervised by an IRS:CI Supervisory Special Agent (SSA), who reports to the Special Agent in Charge of the Washington, D.C. Field Office.

GIFT investigations are centered on international third-party money laundering and 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, and terror financing and sanctions violations.

Since its inception in 2010, GIFT investigations have resulted in seizures and forfeitures of over \$4.2 billion, fines and penalties on settlements of over \$15 billion, and a conviction rate of over 90%.

WASHINGTON D.C. FIELD OFFICE:

Special agents investigate an illegal distillery where untaxed moonshine is prepped for interstate transport.



ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Reminiscent of Eliot Ness and Elmer Irey's "T-Men," IRS:CI continues its partnership with the Alcohol and Tobacco Tax and Trade Bureau (TTB) to combat illicit tobacco and alcohol 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 and realigned to the Department of Justice. The act called for the tax collection functions to remain with the Department of the Treasury, thereby creating TTB.

TTB regulates and collects taxes on the trade and imports of alcohol, tobacco, firearms, and ammunition within the United States. In 2009, TTB entered into an inter-agency agreement with CI to provide special agents to enforce TTB's criminal provisions. These special agents are strategically dispersed across the country. This group is supervised by an SSA, who reports to the Special Agent in Charge of the Washington D.C. Field Office. This group's sole focus is combating the illicit trade of tobacco and alcohol. Since the agreement began in 2009, the group has initiated over 180 investigations. ♦

NATIONALLY COORDINATED INVESTIGATIONS UNIT

THE NATIONALLY COORDINATED INVESTIGATIONS

UNIT (NCIU) contributes to CI's strategy by using technology and data to drive decisions in case selection and to identify patterns of non-compliance. The NCIU works alongside data scientists and data analysts to develop models that identify individuals whose financial activities match patterns linked to non-compliance with tax laws. The NCIU focuses on identifying domestic and international tax evasion and money laundering schemes. The NCIU evaluates the leads for the presence of criminal acts and refers investigative leads to CI's field offices for further investigation. In FY 2021, NCIU made 164 referrals to field offices. The NCIU continues to modernize the way CI develops cases. The NCIU identifies trends in non-compliance and emerging threats by building strategic partnerships with internal and external stakeholders. Through partnerships with CI's field offices, the NCIU has expanded regional projects to national projects. The NCIU works closely with multiple IRS business operating divisions to facilitate a collaborative, service-wide approach to enforcement, and to promote data analytics throughout the IRS. In addition to case development, the NCIU offers continuous support to CI's field offices by offering initiative-specific training and investigative research.

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INVESTIGATION
REFERRALS

During FY 2021, the NCIU applied resources to case development in the following areas of focus: international, virtual currency, employment taxes, abusive schemes, Forms 1099-K, gambling, exempt organizations, Schedule Cs, and social media. The NCIU also works in partnership with other organizations to develop cases in certain areas. For example, the NCIU works in partnership with the IRS's Office of Fraud Enforcement (OFE) for matters of Covid-19 related fraud, with other law enforcement agencies in National Targeting Center cases to combat money laundering through transnational organized crime, with the Miami Field Office and the Departamento de Hacienda for fraud related to Acts 20/22, a Puerto Rican tax incentive.



Members of the NCIU and Miami Field Office meet with representatives from Departamento de Hacienda, Puerto Rico's taxation authority.

COMMISSIONER'S PROTECTION DETAIL



Special agents assigned to the Commissioner's Protection Detail meet with Charles P. Rettig, IRS Commissioner.

THE COMMISSIONER'S PROTECTION DETAIL (CPD)

is a specially trained cadre of IRS:CI special agents, who provide personal security and protection of the IRS Commissioner. Since 1999, this dedicated team has been charged with protecting the Commissioner during official business operations. CPD agents provide protection of the Commissioner within the National Capital Region and while in travel status, foreign and domestically.

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 2-3 international visits.

CPD 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. ♦

OFFICE OF INTERNATIONAL AFFAIRS

IRS:CI HAS SPECIAL AGENT attachés strategically stationed in 11 foreign countries, including Mexico, Canada, Colombia, Panama, Barbados, China, Germany, the Netherlands-Europol, England, Australia, and the United Arab Emirates. Attachés continuously build and maintain strong alliances with foreign governments, law enforcement, embassy personnel, and industry partners. These alliances give IRS: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, a foreign witness, foreign evidence, or overseas special investigative technique operations. The vigilance of CI's special agent attachés helps 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.

International Affairs also educates foreign governments and agencies on crime detection, investigative techniques, case studies, emerging trends, and best practices. 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, IO conducts training at the International Academy for Tax Crime Investigation at the Guardia di Finanza Economic and Financial Police School in Ostia, Italy. The training is sponsored by the Organization for Economic Cooperation and Development and the U.S. Department of State.

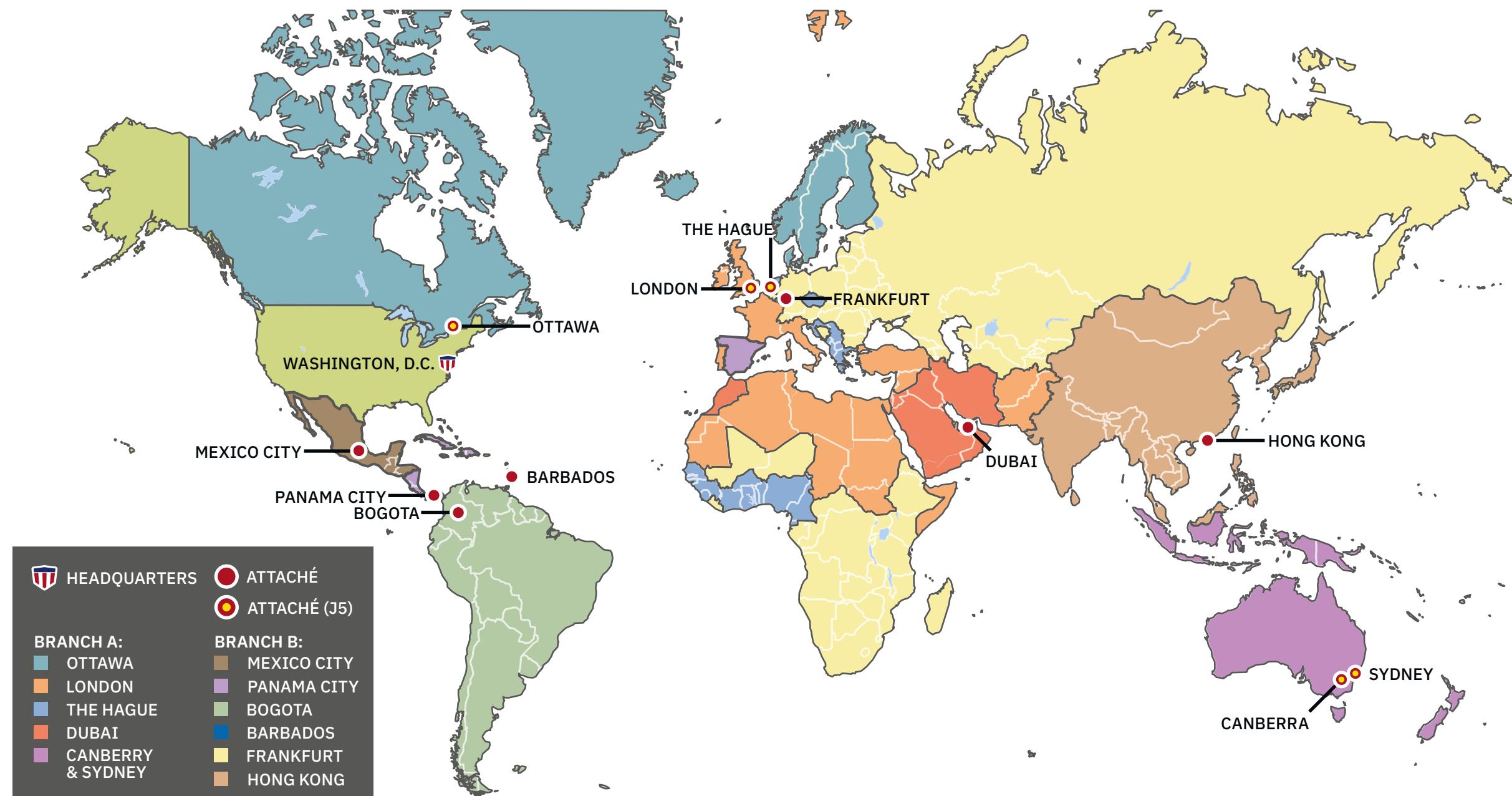
Attachés also partner with the CI's International Training Team (ITT) to deliver virtual training to representatives from multiple countries, including Taiwan, Palau, Philippines, Trinidad and Tobago, Grenada, Namibia, Moldova, and Azerbaijan. One notable training coincided with the announced partnership between CI and the South African Revenue Service to coordinate efforts to investigate crimes affecting both countries. As part of the alliance, the ITT provided training to approximately 40 South African law enforcement officers and government officials and committed to providing additional training in the future. These strategic partnerships are essential for fighting global financial crimes. As Global Operations Executive Director Guy Ficco stated when this alliance was announced, "The global fight against financial crimes is not one that can be fought alone by any one country. Our partnership with the South African Revenue Service will soon reveal operational results made possible by our strong alliance and collaborative efforts."

In FY 2021, International Affairs had several significant accomplishments:

IRS:CI applied for membership with Europol's Joint Cybercrime Action Taskforce (J-CAT) and was officially approved as a full member in July 2021. The J-CAT is a taskforce operated through Europol's European Cybercrime Centre. Their objectives are to drive coordinated action against key cybercrime threats and targets by facilitating the joint identification, prioritization, preparation, initiation, and execution of cross-border investigations and operations to target cyber dependent crimes, transnational payment fraud, online child exploitation, and cross-crime cyber facilitators. In addition to IRS:CI, current member

countries of the J-CAT include nine European Union (EU) Member States (Austria, France, Germany, Italy, the Netherlands, Romania, Poland, Sweden, and Spain) and seven Non-EU members (Australia, Canada, Columbia, Norway, Switzerland, the United Kingdom, and the U.S. [FBI and Secret Service]). To further support CI's cyber program this year, International Affairs deployed its first cyber attaché internationally to Europol in The Hague, Netherlands. The attaché proactively supported cyber investigative needs of CI's Cybercrime Units and field offices through onsite coordination and contact with cyber partners at Europol. The cyber attaché also focused on case development from cyber related investigative data, shared emerging trends and technologies, and facilitated the exchange of cyber-related information.

In addition, the cyber attaché was assigned as CI's Cyber Liaison Officer to the J-CAT. CI continued its partnership with the Joint Chiefs of Global Tax Enforcement (J5), an alliance between the criminal tax authorities of the U.S., Australia, Canada, the Netherlands, and the United Kingdom. J5's focus is combatting international tax and financial crimes through proactive collaboration and information sharing using each country's collective resources. In FY 2021, the J5 continued its focus on professional enablers, virtual currency crimes, international tax evasion, technology sharing, and innovation. CI has developed Public-Private Partnerships with financial institutions and the Fin-Tech industry to further facilitate cooperation, deterrence, identification, and enforcement of international tax evasion and related financial crimes. ♦



DIGITAL FORENSICS

THIS YEAR, DIGITAL FORENSICS joined with IRS:CI's CyberCrimes Unit and the National Forensics Lab as part of the new Headquarters Cyber and Forensic Services section. Under this new structure, 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. The primary mission of Digital Forensics is the forensic acquisition, preservation, and analysis of the digital and multimedia evidence related to ongoing criminal investigations. To carry out this mission, our Computer Investigative Specialists (CISs) are routinely called upon to assist agents with the acquisition of digital evidence, to assist in the preparation and execution of search warrants, to analyze the resulting evidence, and to testify.

This year, a CIS testified in federal court in Reno, Nevada, regarding a case against an attorney accused of evading federal income tax. The CIS agent was qualified as an expert witness in the recovery, interpretation and reporting of file metadata by the magistrate judge. The attorney created and used multiple spreadsheets, together with his administrative assistant, to keep track of cash inflows and outflows. The metadata was an important evidentiary item with respect to file attribution, time, date, and author. The testimony was useful in showing that the defendant had accessed, edited, printed, and sent files on his work and personal computers, proving that his defense that he never saw or edited the files was false. He was convicted and sentenced to 2½ years in prison, and he forfeited his law license.

Electronic evidence and digital forensics are used in every criminal investigation. Such digital evidence can be as simple as a query of subpoenaed email production to the most complex of digital tasks, like imaging a server farm and subsequently analyzing the terabytes of data in a virtual environment. Experts in digital forensics specialize in extracting evidence from a variety of sources, including personal computers, mobile phones, tablets, business computer networks and systems, servers, cloud storage, and even the Dark web. Criminals continue to use advanced technologies to hide evidence in the digital world. In response, CI's digital examiners continue to advance, as well. IRS:CI's Digital



Computer Investigative Forensic Specialist Greg Masi works to recover data from a hard drive.

Forensics examiners are recognized leaders in the extraction of data from unique devices, such as vehicles, drones, smart devices, and various other electronic media known as the Internet of Things.

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SEARCH WARRANTS

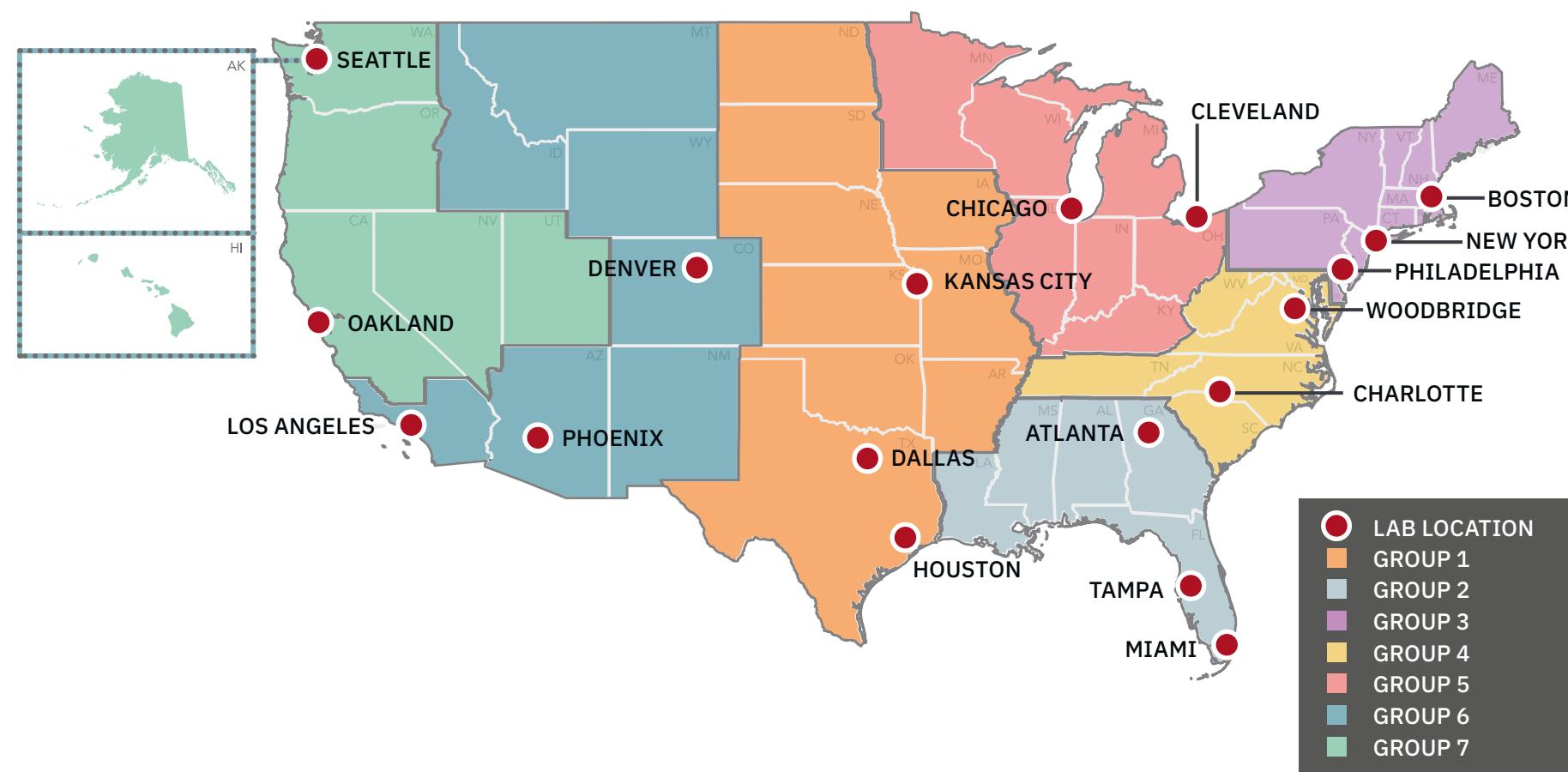
1350
TERABYTES OF DATA

3000
COMPUTER DEVICES

Digital Forensics current staffing includes seven groups of CISs spread throughout 47 local laboratories. Digital Forensics also maintains an 11,000-square foot lab and training center, which houses forensic specialists. The 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 vital training needed to keep the CISs highly skilled and current on technology and processes. The lab assists with solving more complex data extractions and challenges encountered by the digital forensic examiners.

This year, Digital Forensics continued to see advancement in the goal of consolidating the current local CIS labs into 18 regional digital forensics laboratories (RDFLs). IRS:CI invested heavily in acquiring the latest technology to provide CISs the equipment needed and to deploy the RDFLs as they begin to open in FY 2022. In addition, Digital Forensics took a leading role in the lawful seizures of digital currency that were proceeds or facilitated financial crimes, by working with headquarter's Warrants and Forfeiture section to provide a more effective and secure seizure process. Digital Forensics CISs and specialists also played a large part in the development of a new tactical law enforcement network, which will greatly enhance CI's ability to deploy tools and resources to special agents in a secure and flexible environment.



In FY 2021, Digital Forensics personnel participated in over 830 search warrants or other digital forensic operations and lawfully seized more than 1,350 terabytes of data from over 3,000 computers, laptops, external devices and mobile devices. IRS:CI's Digital Forensics unit continues to be the premier digital forensics unit in federal law enforcement. ♦

NATIONAL FORENSIC LABORATORY



SINCE THE EARLY 1970'S, scientists and technical experts at the National Forensic Laboratory (NFL) have reported the results of forensic testing and technical services to investigators for use in both exploring potential criminal violations and for adjudication of the Internal Revenue Code and related financial crimes. Results of the NFL's work are used by CI special agents or other customers of the laboratory to analyze elements

to provide pivotal direction in their investigations. Often, support provided by the NFL doesn't end with delivery of a scientific report or product. Visual information specialists design and develop interactive professional presentations for trial and forensic scientists testify to their findings. An integral important function of the laboratory role is to support judicial proceedings where and when required.



National Forensic Lab Cases

113

SCIENTIFIC SERVICES

138

TRIAL GRAPHICS & DESIGN

84

DATA PROCESSING CENTER

The laboratory's work is critical in ensuring the efficient processing of crucial evidence in CI investigations. The NFL consists of three sections, each offering specific scientific or technical services. The Scientific Services section offers forensic disciplines that include electronics (audio, video, and image intelligibility), latent prints (finger and palm print development and comparison), polygraph, questioned documents, chemistry, and DNA collection. The Trial Graphics and Design section simplifies complicated cases into succinct effective visuals that help show, rather than tell, all the elements of extremely complex investigations. Although these services are primarily for CI special agents preparing for trial, Trial Graphics and Design also assists in the creation of high-level presentations and other special projects such as CI branding and marketing outreach. The Data Processing Center (DPC) located in Florence, Kentucky, is responsible for taking information, either hard copy or electronic, and compiling it into a database that is delivered to the customer and can be used to efficiently manage and analyze case-related data. By doing so, the

DPC saves investigators countless hours of tedious labor, while enabling them to focus their energy on other key areas of the investigation.

When the experts at the NFL are not working on evidence, they are providing tours to agents and various IRS:CI stakeholders at their building located in downtown Chicago. One of the most effective ways to educate others about the NFL's capabilities is by demonstrating their state-of-the-art equipment and sharing stories. Thanks to the talented men and women of the NFL and their dedication to science and their technical services, as well as the mission of IRS: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 NFL than seeing them get fully adjudicated. But equally important is helping investigators know when to consider closing a case. Regardless of the outcome, the NFL scientists and technical experts continue to strive in their role as servants of the criminal justice system. ♦



NBC Nightly News met with National Forensic Laboratory scientists and technical experts to broadcast a segment on the forensic science behind financial crime. Segments included questioned documents (top), latent prints (left), polygraph (middle), and chemistry (right).

UNDERCOVER OPERATIONS



NEWARK FIELD OFFICE: Special agents conduct surveillance on suspected illegal activities.

IRS: CRIMINAL INVESTIGATION (CI) has a long history of using undercover techniques to investigate crime. 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 2021, agents conducted approximately 292 undercover operations.

**292
UNDERCOVER
OPERATIONS**

SIGNIFICANT CASES

IN APRIL 2021, the United States District Court for the District of New Hampshire indicted six individuals, including Ian Freeman, for participating in a conspiracy to operate an unlicensed money transmitting business, wire fraud, money laundering, and operating a continuing financial crimes enterprise.

According to the indictment, the individuals operated a business that enabled customers to exchange over \$10 million in fiat currency for virtual currency, charging a fee between 10 to 14% for their service. They operated their virtual currency exchange business using websites and virtual currency ATM machines in New Hampshire.

They knowingly operated the virtual currency exchange business in violation of federal anti-money laundering laws and regulations. In furtherance of their scheme, some individuals opened bank accounts in the names of purported religious entities. They engaged in substantial efforts to evade detection of their unlawful virtual currency exchange scheme by avoiding answering questions from financial institutions regarding the nature of the business and by misleading financial institutions into believing their unlawful virtual currency exchange business was instead a religious organization that received charitable contributions. Ian Freeman also told the banks that he was dealing in rare coins. Freeman claimed that there are only 21 million bitcoins ever mined, so bitcoin are rare coins. He argued that he did not defraud banks by saying he was dealing in rare coins.

During the investigation, an IRS:CI undercover agent posed as a drug dealer looking to conceal and disguise proceeds from narcotic sales. The undercover agent communicated with Freeman and others on multiple occasions and met with the individuals named in the indictment in New Hampshire. The undercover agent also engaged in multiple transactions with Freeman to exchange proceeds from narcotic sales for bitcoin through Freeman's business and ATMs. Specifically, one transaction was conducted through Freeman's ATM in the amount of \$19,900 dollars for approximately 1.54 bitcoins. Freeman was aware that the proceeds were from narcotic sales.

IN JUNE 2021, the United States District Court for the District of Columbia, indicted Roman Sterlingov, a resident of Sweden and a citizen of Russia, for money laundering, operating an unlicensed money transmitting business, and money transmission without a license in the District of Columbia. Sterlingov operated the business Bitcoin Fog since 2011. Bitcoin Fog was

the longest-running cryptocurrency "mixer," gaining notoriety as a go-to money laundering service for criminals seeking to hide their illicit proceeds from law enforcement. Bitcoin Fog moved over 1.2 million bitcoins valued at approximately \$335 million. The bulk of this cryptocurrency came from Dark web marketplaces and was tied to illegal narcotics, computer fraud, illicit activities, and identity theft.

During the investigation, an IRS undercover agent communicated with Sterlingov, while posing as a drug dealer looking to clean proceeds from narcotic sales. Sterlingov did not prevent the deposit or withdrawal of funds through Bitcoin Fog when the funds were represented to him as narcotics proceeds. ♦

CI'S UNDERCOVER PROGRAM 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 operation. 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 on 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.

NATIONAL CRIMINAL INVESTIGATION TRAINING ACADEMY



IRS:CI SPECIAL AGENTS are among the most highly trained financial investigators in the world. They begin their training at the National Criminal Investigation Training Academy (NCITA). NCITA is located at the Federal Law Enforcement Training Center (FLETC) in Brunswick, Georgia. NCITA is dedicated to fostering the highest levels of professionalism and ethical behavior throughout the CI workforce. NCITA's primary focus is training new special agents in the fundamentals of financial investigations, and agents learn to recognize the elements of tax offenses and methods of proof unique to federal tax investigations. They acquire the knowledge, skills, and abilities required to be federal law enforcement's finest financial investigators.

New special agents complete six months of training, which begins with an 11-week Criminal Investigator Training Program (CITP) run by FLETC. CITP covers topics common to all federal law enforcement agents, including basic criminal investigation skills, federal criminal law, courtroom procedures, enforcement operations, interviewing skills, and firearms training. Following CITP, new special agent trainees take a 14-week NCITA Special Agent Investigative Techniques (SAIT) course. The SAIT program trains new agents in tax law, evidence gathering, interviewing, report writing, methods of proving unreported income, and money laundering violations. It also provides physical fitness conditioning and use of force training, which includes firearms, weaponless tactics, and building entry.

In addition to SAIT, NCITA assists in providing advanced training to special agents in use of force, firearms instruction, defensive tactics, and building entry. Each

year, NCITA assists in developing continuing professional education courses for special agents and professional staff, with an emphasis on emerging trends and issues within the law enforcement environment.

IRS:CI special agents receive regular refresher training. They attend quarterly training in firearms, defensive tactics, and building entry. Through frequent use of force training, they maintain their skills and abilities to ensure good judgement and to apply the appropriate degree of force necessary to safely carry out enforcement activities, including issuing search warrants, arrests, surveillance, dignitary protection, undercover activities, and seizures.

NCITA also provides training to foreign governments and agencies regarding crime detection, investigative techniques, case studies, developing trends, and best practices. The International Training Team (ITT) delivered 24 training events in FY 2021, 22 of which were virtual. In total, the ITT made 910 new contacts with foreign officials through the delivery of international training. The foreign officials held various positions in their government agencies, including positions with Financial Intelligence Units, Tax/Revenue Authorities, National Police Units, Attorney General's Offices, and Ministries of Justice. In addition to working with these foreign officials, the ITT also partnered with numerous U.S. entities for the delivery of international training, including partnerships with the FBI, the U.S. Department of State, the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL), the Department of Justice Office of Overseas Prosecutorial Development Assistance and Training Program (OPDAT), and the National Center for State Courts.

6 months

TRAINING FOR
NEW SPECIAL AGENTS

11 weeks

CRIMINAL INVESTIGATOR
TRAINING PROGRAM

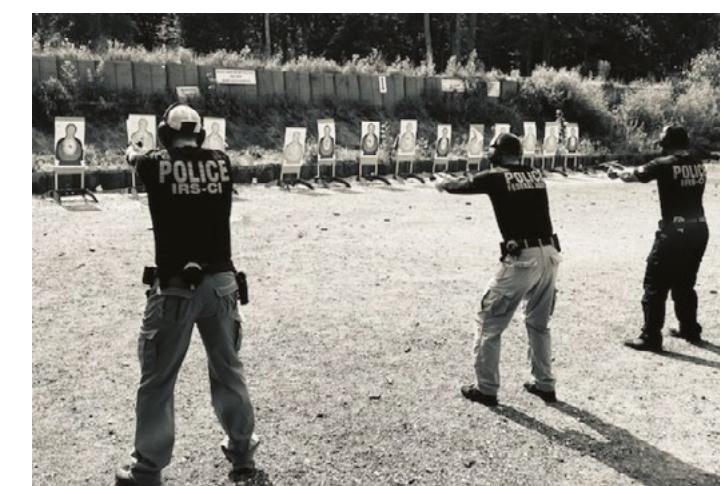
14 weeks

SPECIAL AGENT
INVESTIGATIVE TECHNIQUES

FY 2021 HIGHLIGHTS

Although NCITA continued to overcome Covid-related issues during FY 2021, the following training classes were held for IRS:CI special agents:

- Six Special Agent Basic Training (SABT) classes, which graduated 124 new special agents
- Three Integrated Use of Force Instructor Trainings (IUOFIT) classes
- One Integrated Use of Force Instructor Refresher Training (IUOFIRT) class.



OFFICE OF COMMUNICATION



PHOENIX FIELD OFFICE: A special agent participates in a television interview with Channel 3 KTVK.

CRIMINAL INVESTIGATION (CI) serves the American public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes. This includes promoting CI's activities to foster compliance and educating taxpayers about the agency's enforcement efforts. Doing so builds confidence in our nation's tax system and puts criminals on notice – they will be prosecuted when they commit crimes.

The Office of Communication directly supports CI's mission by building awareness with internal and external stakeholders about the agency's work, and it provides vital public safety messages about Covid-19-related scams and IRS impersonation schemes to protect the public and their financial interests.

The Office continues to expand its efforts in two important areas – the international arena and social media. CI's work has an increasingly global reach through its partnership with the Joint Chiefs of Global Tax Enforcement (J5), an international group comprised of tax organizations from five countries. The J5 combats tax crime through collaboration, information-sharing, and enforcement operations. Communication between participating countries on topics like cryptocurrency, tax crimes, and financial crimes continues to expand each year.

CI also maintains the Twitter account, [@IRS_CI](#), to supplement IRS compliance and enforcement messaging. This account creates awareness about CI while providing real-time information on criminal cases to the media and

public. Since its launch in May 2020, CI's Twitter account averages over one million impressions per quarter, generates hundreds of tweets and continues to grow exponentially.

In September 2021, CI launched its agency account on LinkedIn. This account, in addition to the J5 LinkedIn account, serves as a channel for CI to disseminate information to taxpayers, particularly about recruiting and job opportunities within the agency. It also provides an outlet to reach a new population of social media users, who may not be avid Twitter users, but have a special interest in CI's work.

The Office of Communication houses two CI legislative liaisons. Legislative liaisons serve as conduits for communicating information to and from Capitol Hill. They assist with hearing preparation for senior-level officials and provide Congressional briefings. They analyze, research and formulate official responses to requests from House and Senate members and their staff, as well as oversight committees.

IRS:CI communicators have implemented a comprehensive communications strategy that balances outreach to the public, federal and legislative communities, and CI's global partners, while protecting the sensitive nature of CI investigations. The Office of Communication's efforts serve as an integral part of building understanding about CI's work and deterring violations of the U.S. tax system. ♦

PROFESSIONAL STAFF



Professional staff members have a meeting.

DURING 2021, IRS:CI hired a record number of professional staff, raising the ranks to 889 employees, which is nearly one-third of CI's workforce. In addition to traditional hiring, CI continued to capitalize on excepted hiring, including The Veteran's Recruitment Act, Schedule-A, and 30% disability hiring authorities. Over 100 individuals were hired through these programs during this fiscal year. Our investigative analysts, budget analysts, management and program analysts, administrative officers, secretaries, and technical professionals are embedded in every facet of CI. Each professional staff role supports the goals and missions of the IRS and CI respectively.

Our investigative professional staff are critical to advancing the law enforcement efforts of CI. Professional staff can be found on the front lines of case work and behind the scenes of every CI activity. Tax fraud investigative assistants (TFIA) and investigative analysts (IA) work with special agents in field offices throughout the country and in our international posts of duty. They actively participate in all aspects of criminal investigations from inception to prosecution. Additionally, our non-investigatory professional staff are critical at keeping CI's wheels turning by ensuring available finances and functioning equipment.

In FY 2021, CI provided innovative virtual training to TFIA and IAs. This created an opportunity to be inclusive, as all CI employees were invited to attend the foundational sessions. Topics included: CI organizational structure, elements of a crime, badges of fraud, lifecycle of a criminal investigation, the role of a special agent,

and the role of the investigative analyst. All employees learned about the mission of Criminal Investigation and how their position impacts the work we do. IAs and TFIA received additional specialized training and participated in practical exercises encompassing research, case development, report writing, and case presentations.

Beyond just supporting CI field offices, professional staff support CI's essential and innovative work in the areas of cybercrime, data analytics, finance, technical operations, cybersecurity, national investigative priorities, refund fraud, and the crime lab. Data scientists, forensic scientists, technical specialists, and investigative analysts are experts in their fields and work across all areas of CI operations.

The Workforce Development section furthered CI's commitment to its workforce by leading a series on self-development. Hundreds of employees took advantage of Zoom sessions facilitated by experts in career and personal development. Key topics included mental health and suicide awareness, knowledge retention and information sharing, job interviewing techniques, and identifying great leadership qualities. These sessions fostered an environment of inclusion and the sharing of best practices amongst CI's administrative, technical, and investigative personnel.

FY 2021's continued investment in CI's Professional Staff community positively impacted CI's ability to accomplish its law enforcement mission and has set a standard for years to come. ♦

WORKFORCE DEVELOPMENT



Two special agents review a report as they discuss the recruiting and development needs necessary to support organizational changes across CI this year.

WORKFORCE DEVELOPMENT (WD) was created to address the development and leadership needs of IRS:CI's most important resource – its employees. WD is building on the early successes of the former Leadership, Education, and Development group by expanding its reach to all employees. WD now provides leadership development training to agents beginning at the training academy and continuing through their entire leadership progression. WD also addresses the development of investigative and administrative professional staff through leadership development and career pathing for those not aspiring to a formal leadership position. Finally, WD is responsible for the recruiting and retention of a diverse and highly qualified workforce, which will ensure CI continues to be the leader in financial investigations for the foreseeable future.

EQUITY, DIVERSITY, AND INCLUSION

THE MISSION OF THE CRIMINAL INVESTIGATION (CI) EQUITY, DIVERSITY, AND INCLUSION OFFICE (EDI) is to identify, examine, and address the organization's employment practices, policies, guidelines, and procedures to ensure that all employees and applicants for employment achieve equal opportunity in every facet of CI's programs, activities, and services. EDI works to ensure that employment practices and decisions are made with the highest level of integrity and fairness for every employee. CI EDI endeavors to provide excellent customer service, advice, and education to management, employees, and stakeholders to ensure compliance with appropriate federal Equal Employment Opportunity (EEO) laws and regulations that prohibit discrimination on the basis of age, color, disability, equal pay, national origin, pregnancy, race, religion, retaliation, sex (gender), and sexual harassment.

The EDI Director reports directly to the Chief and Deputy Chief and provides strategic advice and assistance on Management Directive 715 (MD-715), diversity strategies, policies, directives, and guidance to the Senior Staff and Senior Leadership Team. EDI staff members also advise managers on how to effectively capitalize on the strengths of all employees while embracing their differences and unique perspectives to create an environment that engages and supports all employees.

EDI is dedicated to providing diversity and inclusion training and education, recognizing that education is essential for bringing diversity awareness to the workforce. Our efforts for educating the CI workforce is an ongoing process of creating the awareness needed to manage an inclusive and diverse workforce.



Presentations, products/reports, guidance, and seminars are customized and provided to the workforce to ensure that employees have the awareness, skills, and knowledge to carry the message of diversity into their personal work environments. The goal of our diversity training program is to convey the importance of a respectful work environment, thereby maximizing every individual's potential.

When field offices need to obtain EEO information, EDI can provide an in-depth demographic report of the field office as well as an overview of the data so the requestor understands the information they have received. EDI can also give advice, guidance, and recommendations on EDI diversity questions, as well as educating employees of where sources can be obtained and the impact it has on their job or role in CI. ♦

OUTREACH & COMMUNITY ENGAGEMENT



ATLANTA FIELD OFFICE: Special agents meet at a community event in Lake Charles, Louisiana.



MIAMI FIELD OFFICE: Special agents work closely with the Puerto Rico Department of Treasury to improve investigation coordination.



CHICAGO FIELD OFFICE: Special agents (left to right) Chris Klein, Robert Zehme, Mike D'Andrea, and Collin Thompson participate in the US Marshalls Honor Run.



NEW YORK FIELD OFFICE: IRS:CI launched a digital billboard campaign in Buffalo, New York, asking for the public's help in identifying individuals and organizations who commit financial crimes.



CHARLOTTE FIELD OFFICE: A special agent wins Top Shot.



ST. LOUIS FIELD OFFICE: A special agent talks to a student during a career fair at the University of Kansas.



MIAMI FIELD OFFICE: The Homeland Security Investigations (HSI) manager overseeing the Champlain Towers investigation recognized Miami FO Group 40 for its support in helping track missing people from the building collapse in Surfside, Florida. Group 40's efforts resulted in them being able to quickly locate all 40 people and/or their family members.

Emergency Support Function #13

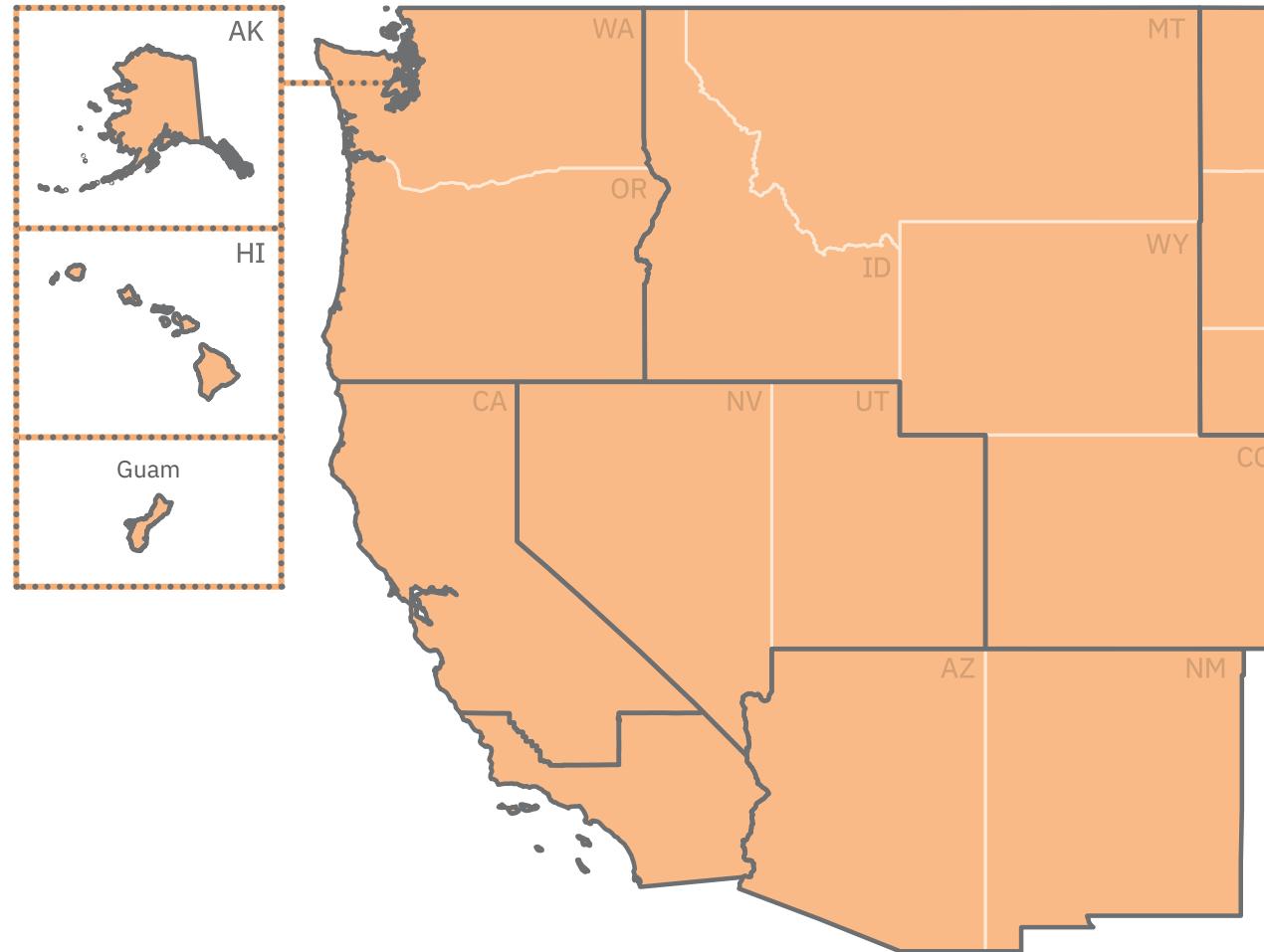


IRS:CI's Emergency Support Function (ESF) #13 provides federal public safety and security assistance to local, state, tribal, territorial, and federal organizations overwhelmed by the results of an actual or anticipated natural/manmade disaster or act of terrorism. IRS:CI has been supporting the ESF #13 mission since 2018 and currently has a cadre exceeding 100 agents. In September, IRS:CI deployed 22 ESF special agents to Louisiana to assist with the aftermath of Hurricane Ida. IRS:CI's ESF team was assigned to protected and assist New York Task Force 1 and Massachusetts Task Force 1 Urban Search and Rescue teams (USAR). The ESF agents accompanied USAR teams on foot, in the water, and in boats, providing security and assistance during the search and rescue efforts.

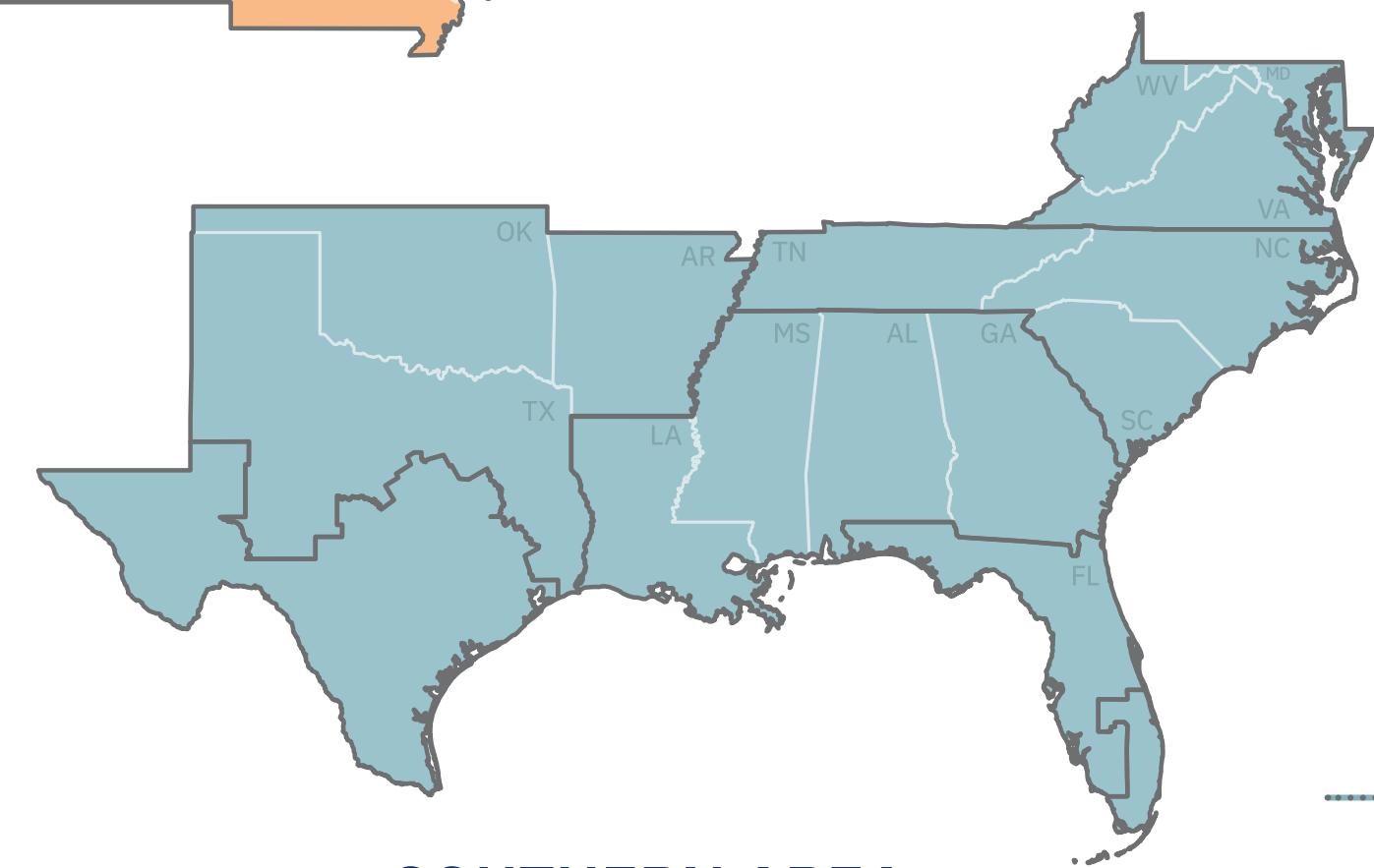
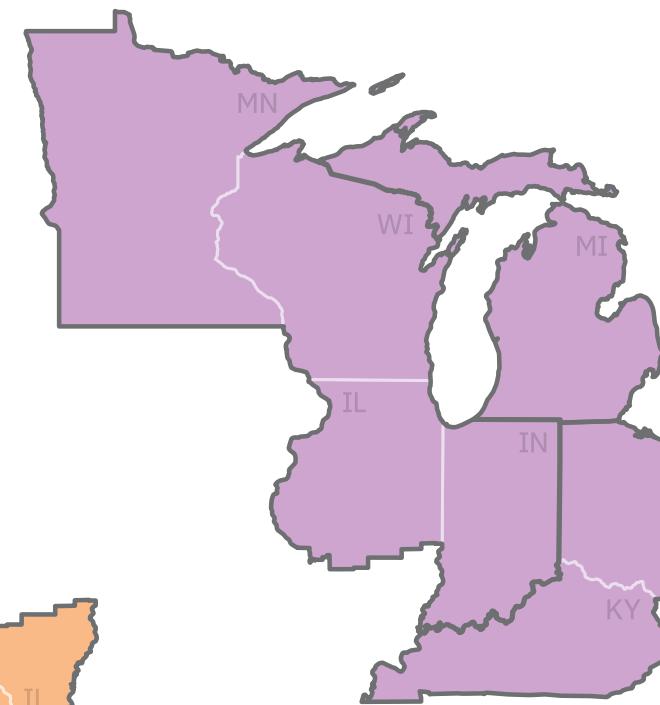
FIELD OFFICE MAP

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

WESTERN AREA



NORTHERN AREA



SOUTHERN AREA



* The Las Vegas field office merged into the Phoenix field office in July 2020.



CASE CLOSED: A SUMMARY OF SIGNIFICANT CASES FOR IRS:CI IN 2021

ST. LOUIS FIELD OFFICE: Special Agent Liliana Nin assembles her gear for a National Night Out with her local community.

NORTHERN AREA

Multiple Individuals Sentenced in Massive Contracting Fraud and Money Laundering Scheme

December 7, 2020, John Williams was sentenced to 9 years in prison and was ordered to pay \$10 million in restitution. Williams was convicted of tax evasion, money laundering conspiracy, money laundering, and embezzlement by a bank employee. Williams embezzled over \$8.4 million from his employer.

Williams was employed as a construction project manager in the Indianapolis regional office of a bank. His responsibilities included overseeing the bank's internal real estate projects. Williams used information available to him as a bank employee to identify construction and renovation projects that were projected to come in under budget. Williams then contacted co-conspirators, Ernie Perkins, Robert Finch, Walter Watson and Donald Landis, and instructed them to submit fraudulent invoices on those under-budget projects. The invoices listed work that was never performed and materials that were never supplied. Williams then approved the payments of the fraudulent invoices. Perkins, Finch, Watson, and Landis kicked back a large percentage of the payments to CB Consulting, a fictitious business entity controlled by Williams. Williams did not report his illegal income on his

federal tax returns, which resulted in a tax loss of \$1.9 million.

- Ernie Perkins, the owner of Remarkable Creative Enterprises ("RCE"), was sentenced to nearly 6 years in prison.
- Robert Finch, the owner of Finch Constructors and Finch Management, was sentenced to 4 years in prison.
- Donald Landis, the owner of P&L Supply, was sentenced to 3 years in prison.
- Walter Watson, the owner of W-3 construction company, was sentenced to 1½ years in prison.

Another co-conspirator, Shalonda Coleman, was sentenced to 2 years in prison and was ordered to pay \$309,088 in restitution. Coleman embezzled \$282,432 from her employer, an insurance company, by approving fictitious invoices submitted by Ernie Perkins, for payment. Once Perkins received the fraud proceeds, he then wrote checks back to Coleman for her cut. Coleman did not report her illegal income on her tax returns.



CHICAGO FIELD OFFICE : Assistant Special Agent in Charge Donald Eakins (right) administers the oath of office for Special Agent Matthew Kron on his first day of duty.

Eight Individuals Sentenced for Laundering \$44 Million in Drug Proceeds to Mexico Through Local Cell Phone Store Fronts

April 9, 2021, Rodrigo Esqueda-Vazquez was sentenced to 15 years in prison. Esqueda-Vazquez was the final of eight defendants sentenced in a \$44 million money laundering case. Sentences imposed ranged from 5 to 18 years in prison. From 2013 through September 2019, the defendants conspired to distribute heroin, fentanyl, and marijuana and to commit money laundering. The scheme relied on the use of small businesses that purported to be cell phone stores. The stores conducted little, if any, legitimate business; rather, the stores were merely front businesses for drug traffickers to send large amounts of drug trafficking proceeds to Mexico. Jose Luis Rosales-Ocampo, of Columbus, Ohio, and his family members ran the so-called cell phone stores. The investigation and prosecution of these defendants removed approxi-



CINCINNATI FIELD OFFICE : Special agents conduct firearms training.

mately 34 kilograms of heroin, 516 grams of cocaine, 76 grams of fentanyl, and 250 pounds of marijuana from Central Ohio streets. Additionally, investigators seized \$458,500 in U.S. currency and a home valued at nearly \$248,000.

FCA US LLC Pleads Guilty and Former UAW and FCA Officials Sentenced

March 1, 2021, FCA US LLC (FCA, a/k/a Fiat Chrysler Automobiles), one of the big three American automobile manufacturers, pleaded guilty to conspiring to violate the Labor Management Relations Act, also known as the Taft-Hartley Act, by making illegal payments to officers of the United Auto Workers union. FCA is the American operating subsidiary of Stellantis, and it is headquartered in Auburn Hills, Michigan. As part of the plea agreement, FCA agreed to pay a fine of \$30 million and be subject to federal oversight.

The company conspired with other entities and individuals to violate the Taft-Hartley Act by making more than \$3.5 million in illegal payments to officers of the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) during the years 2009 through 2016. During the conspiracy, executives of FCA, including Alphons Iacobelli and Jerome Durden, engineered the illegal payments to senior officials of the UAW. The payments violated federal labor laws and undermined the collective bargaining process. As part of the investigation, senior UAW officials were also found to have participated in a multi-year conspiracy to embezzle money from the UAW for their personal benefit.

Several of the recent sentencing include:

July 6, 2021, Vance Pearson, former Director of the United Auto Worker's Region 5 and a former member of the UAW's International Executive Board, was sentenced to one year in prison and was ordered to pay \$250,000 in restitution to the UAW and to forfeit \$122,258 for conspiring with other UAW officials to embezzle UAW dues money and for further racketeering crimes.

June 10, 2021, Gary Jones, former President of the international United Auto Workers union, was sentenced to more than 2 years in prison and was ordered to pay \$550,000 in restitution to the UAW, \$42,000 in restitution to the IRS, forfeiture of \$151,377, and a \$10,000 fine, for conspiring with other UAW officials to embezzle UAW funds and to defraud the United States.

May 11, 2021, Dennis Williams, former President of the international United Auto Workers union, was sentenced to nearly 2 years in prison and was ordered to pay restitution of \$132,000 and a \$10,000 fine for conspiring with other UAW officials to embezzle UAW funds.

January 27, 2021, Edward "Nick" Robinson, former President of the United Auto Workers Midwest CAP and former Director of the UAW Labor and Employment Training Corporation, was sentenced to one year in prison and was directed to pay \$342,000 in restitution.

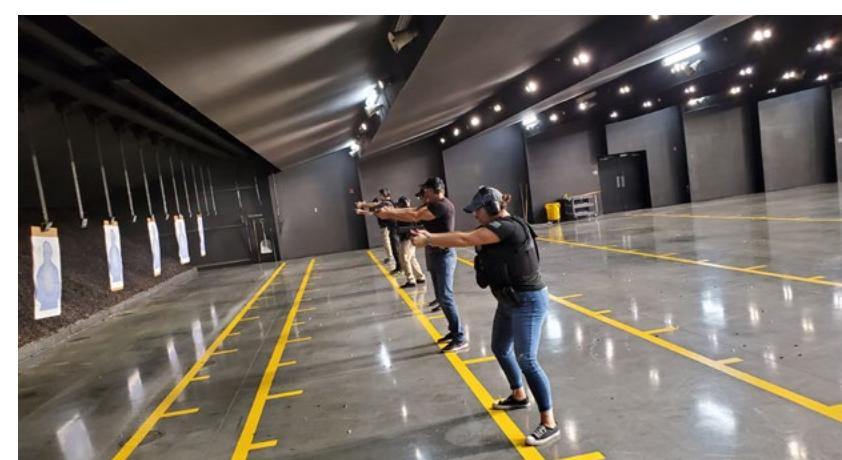
The following other individuals have already been sentenced for their participation in the corruption within the UAW or illegal payments by FCA to UAW officials: former FCA Vice President for Employee Relations Alphons Iacobelli (5 ½ years in prison), former FCA Financial Analyst Jerome Durden (more than one year in prison), former Director of FCA's Employee Relations Department Michael Brown (one year in prison), former senior UAW official Virdell King (60 days in prison), Keith Mickens (one year in prison), Nancy A. Johnson (one year in prison), Monica Morgan, the widow of UAW Vice President General Holfield (1½ years in prison), former UAW Vice President Norwood Jewell (more than one year in prison), former senior UAW official Michael Grimes (more than 2 years in prison) and former UAW Vice President Joseph Ashton (2½ years in prison). Former senior UAW official Jeffrey "Paycheck" Pietrzky passed away before being sentenced.



DALLAS FIELD OFFICE: Special agents conduct building entry training drills at the Denton Public Safety Training Center in Denton, Texas.



DENVER FIELD OFFICE : A special agent conducts firearms training drills with a shotgun at an outdoor shooting range.



TAMPA FIELD OFFICE : Special agents conduct firearms training drills in an indoor training facility.

WESTERN AREA

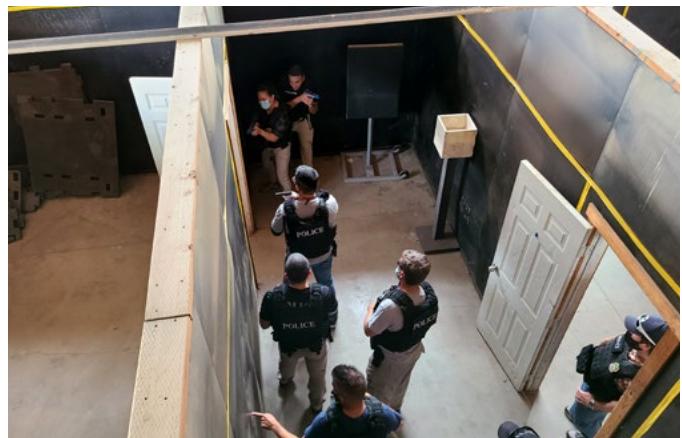
Private Equity CEO Enters into Non-Prosecution Agreement on International Tax Fraud Scheme

October 15, 2020, Robert F. Smith, the Chairman and Chief Executive Officer of a San Francisco based private equity company, entered into a Non-Prosecution Agreement for his involvement from 2000 through 2015 in an illegal scheme to conceal income and evade millions in taxes by using an offshore trust structure and offshore bank accounts. In that agreement, Smith admitted his involvement in the illegal scheme, agreed to cooperate with the ongoing investigation, and agreed to pay back taxes and penalties in full. Smith, a resident of Austin, Texas, formed the Excelsior Trust in Belize, and a shell company, Flash Holdings, in Nevis in 2000, in order to avoid the payment of U.S. taxes. Smith used third parties to conceal his beneficial ownership and control of the Excelsior Trust and Flash Holdings. In reality, Smith controlled both offshore structures. Additionally, over the years, Smith used millions of unreported income to acquire and make improvements to real estate used for his personal benefit. Under the terms of the agreement, Smith agreed to cooperate with the Department of Justice in other related investigations. Further, Smith agreed to pay approximately \$56 million in taxes and penalties stemming from the unreported income and another \$82 million in penalties stemming from his concealment of his offshore bank accounts. Altogether, Smith will pay more than \$139 million in taxes and penalties. Additionally, Smith agreed to abandon his protective claims for a refund totaling approximately \$182 million that were filed with the IRS. The protective refund claims consisted, in part, of claims for charitable contribution deductions filed with the IRS on September 21, 2018 and October 11, 2019. As a result of the agreement, Smith shall take no further direct or indirect tax benefit from such claims.

Political Donor Sentenced to 12 Years in Prison for Lobbying and Campaign Contribution Crimes, Tax Evasion, and Obstruction of Justice

February 18, 2021, Imaad Shah Zuberi, of Arcadia, California, was sentenced to 12 years in prison and was ordered to pay \$15 million in restitution and a criminal fine of \$1.75 million. In November 2019, Zuberi pleaded guilty to violating the Foreign Agents Registration Act (FARA) by making false statements on a FARA filing, tax evasion, and making illegal campaign contributions. In June 2020, Zuberi pleaded guilty in a separate case to obstruction of justice. His sentence pertains to both cases.

Zuberi, a venture capitalist and political fundraiser, falsified records to conceal his work as a foreign agent, while lobbying high-level U.S. government officials. Zuberi became wealthy, largely through his theft of client funds and unlawful lobbying on behalf of foreign interests. Zuberi also siphoned more than 90 percent of investments in U.S. Cares, a company set up to export humanitarian aid to Iran. In 2013 and 2014, investors deposited approximately \$7 million into U.S. Cares. In addition, the government of Sri Lanka contracted with Zuberi to rehabilitate the country's image in the United States. Sri Lanka wired \$6.5 million to Zuberi, and Zuberi used more than \$5.65 million of that money to the benefit of himself and his wife. Zuberi failed to report these funds on his tax return. Zuberi's tax evasion over the course of four years – 2012 through 2015 – caused tax losses ranging from \$3.5 million to as much as \$9.5 million.



PHOENIX FIELD OFFICE: Special agents conduct entry training to safely clear rooms and buildings.



DETROIT FIELD OFFICE: A special agent climbs over barn rafters to locate records while conducting a search warrant.



NEW YORK FIELD OFFICE: Special Agent Michele McCormick receives recognition for 20 years of service with the federal government.

Two Members of Racketeering Enterprise Sentenced

October 13, 2020, Marcus Etienne, aka “Hitler,” and Mario Robinson were sentenced to 34 and 32 years in prison, respectively, for their roles in a wide-ranging criminal conspiracy. Etienne, of St. Martin Parish, Louisiana, and Robinson, of Opelousas, Louisiana, and Oakland, California, were involved in an enterprise based in St. Martin Parish consisting of more than seven members who conducted a continuing and extensive narcotics distribution conspiracy. Etienne was the leader of the enterprise, which began as early as 2009. The enterprise engaged in narcotics distribution, assault, robbery, extortion, extortionate collection of extensions of credit, murder for hire, murder, money laundering, illegal firearms possession, gambling on dogfighting, and obstruction of justice. Etienne and Robinson both had a

role in the 2016 murder of another enterprise member, Trince Thibodeaux. Etienne and Robinson participated in additional activities to promote the enterprise. The enterprise purchased marijuana in California and shipped the drugs to Louisiana and Texas. Robinson received packages containing between one and 10 pounds of marijuana every one or two months. Robinson and Etienne used cash proceeds from the narcotics trafficking to purchase marijuana and other controlled substances in California. Robinson also purchased money orders in Louisiana to pay the enterprise’s marijuana suppliers in California. Both Etienne and Robinson conducted financial transactions with proceeds of narcotics trafficking to conceal the nature, source, and ownership of the enterprise’s profits.



OAKLAND FIELD OFFICE: Special agents and professional staff participate in building entry, active shooter, and weaponless tactics at the Tactical Village in Sacramento, Calif.



LOS ANGELES FIELD OFFICE: Assistant Special Agent in Charge Darren Lian discusses recent tax scams with KAZN AM1300 radio, which serves Mandarin speakers in California.

SOUTHERN AREA

Conspirators Sentenced in Connection with Consumer Fraud Schemes

July 15, 2021, Lori Owen, aka Lori Corrigan, was sentenced to more than 5 years in prison and was ordered to pay \$620,103 in restitution to the identified victims and a \$265,964 money judgment, which represented the proceeds of the fraud. Owen participated in a telemarketing scam—primarily tax impersonation fraud—that operated from approximately December 2014 through the end of 2016, and which defrauded more than \$1.38 million from victims around the United States. The conspirators, some of whom were located overseas, extorted money from victims by falsely representing to the victims that they had financial obligations to the IRS, Canadian tax authorities, or other entities. The conspirators then threatened the victims with arrest, prosecution, or other legal consequences for their purported debts and demanded that they pay the conspirators the “owed” money. Owen worked with others—including her ex-husband, David Owen, and her son, Andrew Corrigan—to collect the fraud proceeds on behalf of the overseas call centers. The conspirators monitored the victims’ payments to ensure that the payments were recovered quickly, before any victim or law enforcement officer could become aware of the fraud and attempt to stop the transaction. David Owen was sentenced to more than 10 years in prison, and Andrew Corrigan was sentenced to 10 years in prison.

Key Drug Suppliers for the Irish Mob Sentenced

March 31, 2021, Jorge Antonio Medina Escarsiga was sentenced to 32 years in prison. Escarsiga was a leader of a drug trafficking and money laundering organization that operated out of the Oklahoma State Prison (OSP) system. The organization distributed significant quantities of methamphetamine throughout the country, much of which was destined for Oklahoma. The methamphetamine originated with Escarsiga and was shipped from California to Kansas for transport to, and distribution in, Oklahoma City and elsewhere. Co-conspirators, who were incarcerated at the OSP in McAlester, Oklahoma, directed the wire transfer of drug proceeds to Andrew Pranger, an OSP prison guard. The wire transfers were conducted by Edmundo Perez and Makenzie Harris. Pranger was paid for smuggling contraband into the prison and for providing unlawful services to inmates within the prison, including the transfer of contraband between cells. This type of illegal service allowed Irish Mob members to continue to run their illicit drug activities while incarcerated.

The remaining Operation Irish Spring defendants were sentenced as follows:

- Johnny Ross, almost 27 years in prison
- Michael Sanders, 16 years in prison
- Edmundo Perez, 13 years in prison
- Richard Lee Potts, 13 years in prison
- Andrew Pranger, 1½ years in prison
- Alyxis Claussen, one year in prison
- Makenzie Harris, one year in prison
- Kenesha Moaning, one year in prison
- Chelsea Rouse, 10 years in prison
- Joy Robison, 5 years of probation

Pennsylvania Biofuel Company and Owners Sentenced on Environmental and Tax Crime Convictions Arising out of Renewable Fuels Fraud

October 20, 2020, Ben Wootton, of Savannah, Georgia, was sentenced to nearly 6 years in prison, and Race Miner, of Marco Island, Florida, was sentenced to 5½ years in prison. Both men were ordered to pay restitution of more than \$4 million to the IRS and more than \$5 million to the Pennsylvania Department of Environmental Protection. Their company, Keystone Biofuels Inc., (originally located in Shiremanstown, Pennsylvania, and later in Camp Hill, Pennsylvania) was sentenced to five years of probation and ordered to pay restitution of more than \$4 million to the IRS and more than \$5 million to the Pennsylvania Department of Environment Protection.

Miner was the founder and chief executive officer of Keystone. Wootton was president of Keystone and a former member of the National Biodiesel Board. Wootton, Miner, and Keystone falsely represented that they were able to produce a fuel meeting the requirements set by the American Society for Testing and Materials (ASTM) for biodiesel (a renewable fuel) and adopted by the EPA, and as such, were entitled to create renewable fuel credits, known as RINs, based on each

gallon of renewable fuel produced. The fuel and the RINs have financial value and could be sold and purchased by participants within the federal renewable fuels commercial system.

Wootton and Miner were also convicted of fraudulently claiming federal tax refunds based on IRS's Biofuel Mixture Credit. The Biodiesel Mixture Credit is a type of "blender's credit" for persons or businesses who mix biodiesel with diesel fuel and use or sell the mixture as a fuel. Wootton and Miner caused Keystone to fraudulently claim tax refunds based on non-qualifying fuel, and, in at least some instances, non-existent or non-mixed fuel. In an attempt to hide their fraud scheme, the men created false corporate books and records and sham financial transactions to account for the nonexistent and non-qualifying fuel and to create the appearance of legitimacy.

The prosecution of Wootton, Miner and Keystone is the first prosecution of a case under the federal renewable fuels program based on fuel that did not meet the program renewable fuel quality standards.



HOUSTON FIELD OFFICE: Special Agent Sonia Hurtado (left) attends an outreach and recruiting event at The University of Texas Rio Grande Valley.



MIAMI FIELD OFFICE: Supervisory Special Agent John Siddons announces indictments against the Los 27 gang during a multiagency news conference in San Juan, Puerto Rico.



BOSTON FIELD OFFICE: Special Agent in Charge Joleen Simpson announces indictments for embezzlement and wire fraud during a press conference.



NEWARK FIELD OFFICE: Special agents conduct fire arms training.



ATLANTA FIELD OFFICE: Special agents clear fallen trees during cleanup operations following Hurricane Ida.



SEATTLE FIELD OFFICE: Special agents maintain and improve their skills at a firearms range.

ATLANTA FIELD OFFICE

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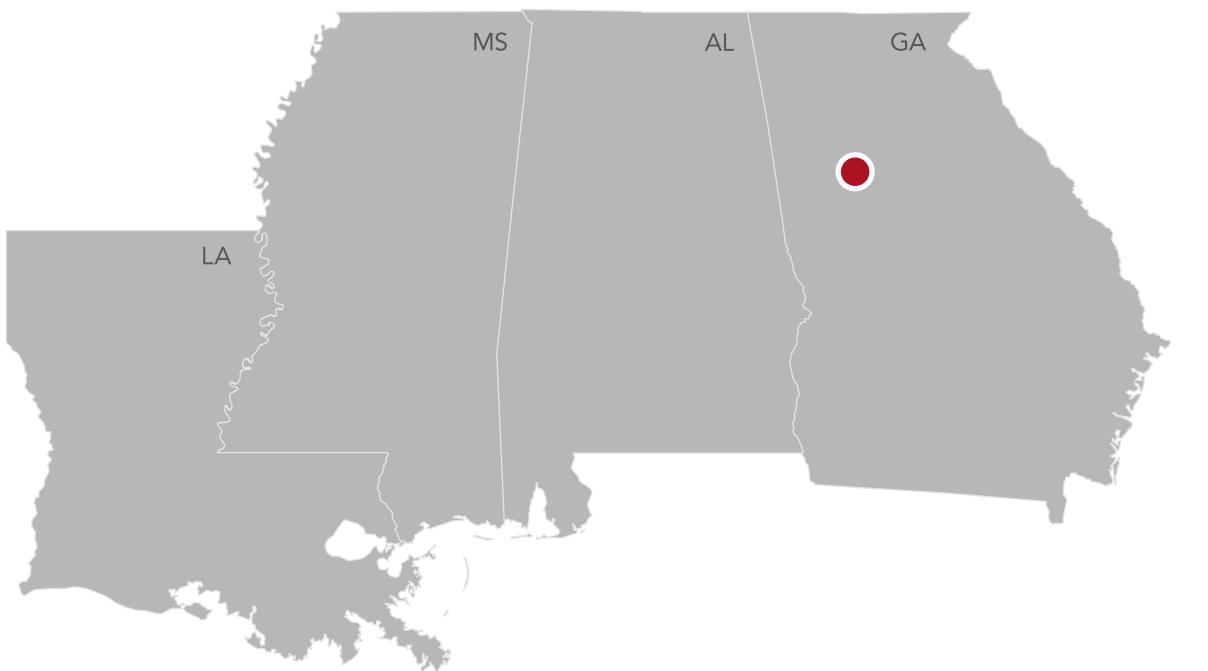
AUGUSTA, GA
BATON ROUGE, LA
BIRMINGHAM, GA
COLUMBUS, GA
DECATUR, GA

GULFPORT, MS
HATTIESBURG, MS
HUNTSVILLE, AL
JACKSON, MS

LAFAYETTE, LA
MACON, GA
MOBILE, AL
MONTGOMERY, AL

NEW ORLEANS, LA
OXFORD, MS
SAVANNAH, GA
SHREVEPORT, LA

THE ATLANTA FIELD OFFICE covers the states of Georgia, Alabama, Mississippi, and Louisiana and consists of eleven judicial districts. We work a wide variety of criminal investigations across the four state region which includes legal and illegal source income tax fraud, payroll tax fraud, stolen identity theft / tax refund fraud, public corruption, terrorism, general fraud, money laundering and narcotics cases. With the recent merger of two field offices (the Atlanta Field Office with the former New Orleans Field Office), the newly constituted and expanded Atlanta Field Office has a diverse mix of employees with different backgrounds who are finding creative ways to investigate our cases. The Atlanta Field Office is continually building and strengthening its relationships with our law enforcement partners, the United States Attorney's Office and the public in an effort to identify, investigate and refer quality cases for prosecution that will encourage compliance with and confidence in the Internal Revenue laws.



Compounding Pharmacy Mogul Sentenced for Multimillion-Dollar Health Care Fraud Scheme

January 15, 2021, Wade Ashely Walters, of Hattiesburg, Mississippi, was sentenced to 18 years in prison and was ordered to pay more than \$287 million in restitution and forfeit more than \$56 million. Walters was a co-owner of numerous compounding pharmacies and pharmaceutical distributors. Between 2012 and 2016, Walters orchestrated a scheme to defraud TRICARE, the health care benefit program serving U.S. military, veterans, and their respective family members, as well as private health care benefit programs. As part of the scheme, Walters distributed compounded medications that were not medically necessary. Additionally, Walters conspired with others to launder the proceeds of his fraud scheme by engaging in monetary transactions in amounts over \$10,000 in proceeds from the fraud scheme, including transactions relating to his participation in a sham intellectual property scheme.

Clinton Pharmacist Sentenced for Conspiracy to Commit Health Care Fraud

February 2, 2021, Marco Bisa Hawkins Moran, of Clinton, Mississippi, was sentenced to 10 years in prison for conspiring to commit health care fraud. Moran was also ordered to pay a monetary judgment exceeding \$12 million, restitution exceeding \$22 million, and a \$20,000 fine. Between 2014 and 2016, Moran, as co-owner of Medworx Compounding and Custom Care Pharmacy, participated in a scheme to defraud TRICARE and other health care benefit programs, including those that provided coverage to employees of the city of Jackson, Mississippi. In total, the pharmacies submitted more than \$22 million in fraudulent claims to TRICARE and other health care benefit programs.

Alabama Salesman Sentenced for Tax Evasion - Used Offshore Insurance Wrappers and Precious Metals to Hide Assets from the IRS

October 27, 2020, Ivan Scott "Scott" Butler, of Hoover, Alabama, was sentenced to 2 years in prison for tax evasion. Butler was also ordered to pay more than \$1 million in restitution to the United States. Butler was an automobile industry consultant and sold automobile warranties as an independent salesman. In 1993, Butler stopped filing tax returns, attended tax defier meetings, and purchased tax defier materials. Starting in 1998, Butler used several Nevada nominee corporations to receive his income and to conceal the income from the IRS. In or around 1999, Butler moved hundreds of thousands of dollars to bank accounts in Switzerland and

hid his assets in offshore insurance policies, which were held in the name of non-U.S. insurance providers, thus disguising his ownership of the funds. Such accounts, which generally are used as investment vehicles, are commonly known as "insurance wrappers." In 2014, Butler converted some of his insurance wrappers into precious metals, which were shipped to Butler and another individual in the United States. In total, Butler caused a tax loss to the IRS exceeding \$1 million.

Drug-trafficking Pimp Sentenced in Commercial Sex Conspiracy

May 28, 2021, Anthony Wilson Jackson, of Savannah, Georgia, was sentenced to more than 30 years in prison. Jackson previously pleaded guilty to conspiracy to possess with intent to distribute marijuana, conspiracy to engage in interstate travel or transportation in aid of a racketeering business (prostitution), possession of a machine gun, possession of a machine gun in furtherance of a drug trafficking crime, possession of a firearm by a convicted felon, and money laundering conspiracy. Jackson was the leader of a conspiracy that operated a commercial sex trafficking business across the country, and he shipped and distributed large amounts of marijuana in the Savannah area. Authorities seized drugs and drug trafficking paraphernalia, multiple firearms and ammunition, and more than \$7,000 in cash. Jackson threatened to murder women whom he trafficked for sex, he forced women to bow and pray to him, and he beat his child so severely with a belt that the child urinated and defecated on himself. Jackson previously served prison time for drug trafficking, and while incarcerated he was punished for engaging in multiple assaults, including one in which another inmate was seriously injured.

Louisiana Man Sentenced for Embezzling Over \$7 Million and Filing False Tax Returns

February 9, 2021, Deepak "Jack" Jagtiani, was sentenced to more than 5 years in prison. Jagtiani was ordered to pay more than \$7 million in restitution to Dan-Gulf and its business partner, Caytrans BBC, LLC. Jagtiani was also ordered to pay more than \$1.2 million in restitution to the IRS for unpaid taxes. From 2007 through 2019, Jagtiani worked as the comptroller for Dan-Gulf Shipping, Inc. During that time, Jagtiani paid himself excessive salaries and benefits. To disguise his scheme, Jagtiani set up a fake catering business to write off bogus losses. In total, he claimed enough business losses to offset most of his income. In truth, neither Jagtiani nor his spouse operated any catering business. In total, Jagtiani avoided paying more than \$1.2 million in federal income taxes.

BOSTON FIELD OFFICE

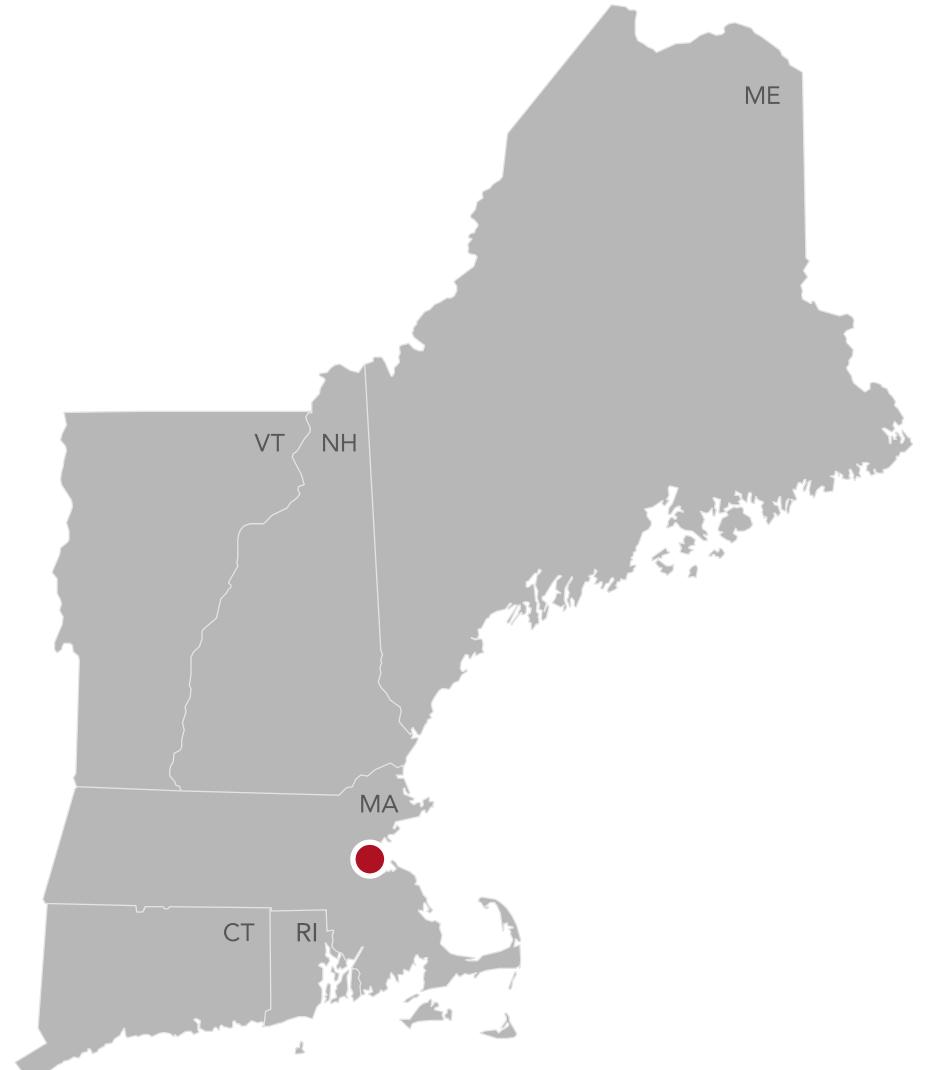
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SOUTH PORTLAND, ME

SPRINGFIELD, MA
STONEHAM, MA
WARWICK, RI
WORCESTER, MA

THE BOSTON FIELD OFFICE covers six New England states, each with one judicial district: Massachusetts, Connecticut, Rhode Island, New Hampshire, Vermont and Maine. The field office's relationship with the U.S. Attorney's Office and our law enforcement partners is one of the best in the country. IRS:CI 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.



Massachusetts Man Sentenced for Aiding Romance and Lottery Schemes Targeting Elderly

April 13, 2021, Austin Nedved was sentenced to more than 8 years in prison and was ordered to pay restitution of \$569,750. In December 2020, Nedved ran a business in which he bought and sold digital currencies, including bitcoin, for cash. From at least 2017 through 2019, Nedved aided and abetted romance and lottery schemes targeting elderly victims. In romance schemes, fraudsters convince victims to send money abroad to purported love interests, while in lottery schemes fraudsters convince victims that they can obtain lottery winnings or sizeable government grants by forwarding cash for administrative fees or expenses. Despite knowing or being willfully blind to the fact that his customers were fraud victims, Nedved sold bitcoin to them, so they could send money overseas to the fraudsters. In total, Nedved and his co-conspirators converted more than \$630,000 of fraud and other criminal proceeds to bitcoin. They then either returned the bitcoin to the victims of the fraud or forwarded it to unidentified third parties.

Former Owner of Seafood Processing Plant Sentenced for Tax Evasion; Sought to Obstruct IRS Collection Efforts for 10 Years

January 8, 2021, Billie R. Schofield was sentenced to 3 years in prison. Schofield was also ordered to pay \$364,200 in restitution to the IRS and a \$5,000 fine. For more than 10 years, Schofield attempted to evade his federal income taxes. Schofield partly owned and worked for Northern Pelagic LLC, a seafood processing business located in New Bedford, Massachusetts. Despite earning hundreds of thousands of dollars in income, Schofield failed to pay taxes owed. Beginning in 2009, he stopped filing income tax returns. Between 2008 and 2018, Schofield obstructed IRS efforts to assess and collect his taxes by filing fraudulent forms, advancing frivolous tax arguments, creating and using a nominee entity and bank account, negotiating income checks to cash, and creating and submitting fraudulent checks to the IRS, in an attempt to extinguish his tax liabilities. Including penalties and interest, Schofield caused a tax loss of more than \$350,000 to the United States.

Connecticut Nursing Home Operator Sentenced for Embezzlement and Tax Offenses

April 20, 2021, Chaim Stern was sentenced to 2½ years in prison. Stern was also ordered to pay approximately \$2.4 million in restitution to the IRS. Stern was the principal operator of the Bridgeport Health Care Center ("BHCC"), Bridgeport Manor, and the Rosegarden

Health and Rehabilitation Center LLC ("Rosegarden") in Waterbury, Connecticut, which were privately owned nursing and rehabilitation facilities. Between approximately 2011 and 2018, Stern stole approximately \$4.1 million from the BHCC Pension Plan, over which he was the trustee. Also, in approximately February 2015, Stern misapplied \$305,608 from BHCC Health Plan. Additionally, Stern failed to pay millions of dollars in other health insurance claims that he was obliged to pay on behalf of his employees, which resulted in debt collection action against employees by the health care providers. Finally, from at least January 2017 through March 2018, Stern failed to and caused BHCC and Rosegarden to fail to pay over withheld employment taxes. Stern also failed to pay the employers' share of the employment taxes. The total tax loss resulting from Stern's conduct exceeded \$4 million.

Massachusetts Painting Business Owner Sentenced for \$2 Million Income & Payroll Tax Fraud Scheme

May 12, 2021, Durvan C. Lewis, of Nantucket, Massachusetts, was sentenced to 2 years in prison. Lewis was also ordered to pay more than \$2 million in restitution to the IRS and a fine of \$10,000. Lewis owned and operated a commercial and residential painting business known as DCL Painting. From 2014 through 2017, Lewis diverted over \$1.5 million of DCL Painting's gross receipts to his personal bank account and failed to report the diverted receipts to his tax preparer. In addition, from 2012 through September 2019, Lewis paid over \$5 million in wages to DCL Painting's employees in cash "under the table." Lewis failed to report and pay over to the IRS the employment taxes owed on the cash wages. In total, Lewis caused a loss to the IRS exceeding \$2 million.

New Hampshire Man Sentenced for Facilitating Employment Tax Fraud

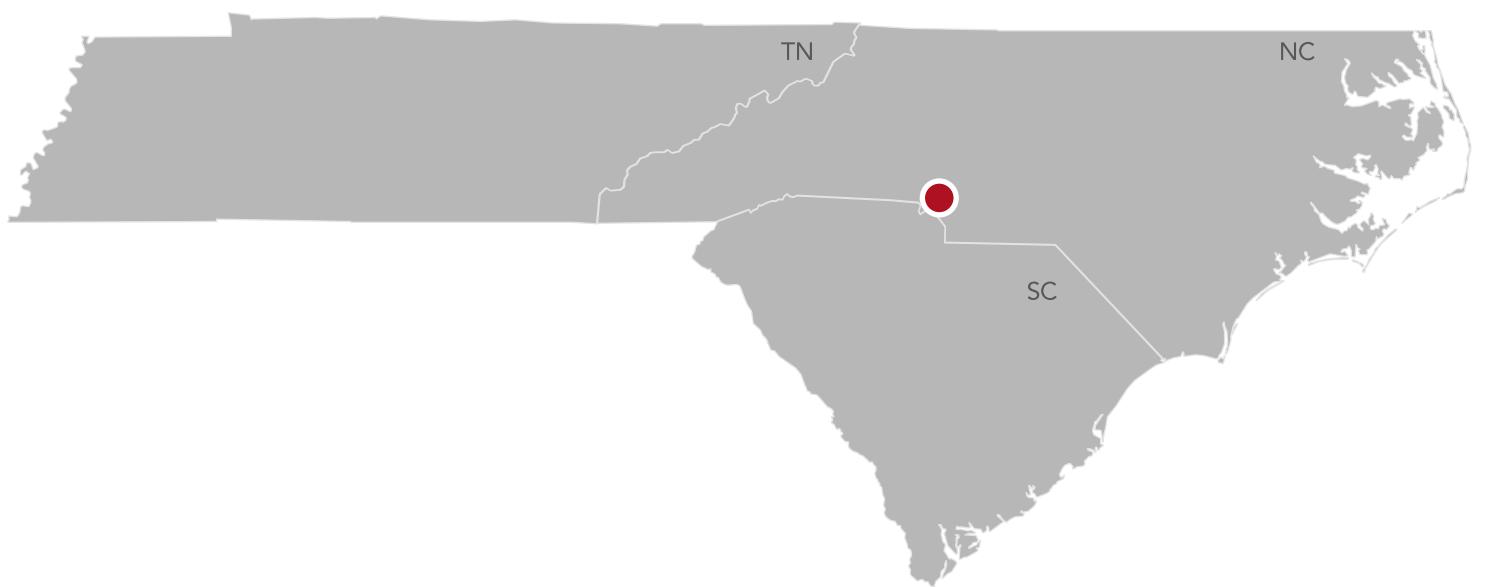
April 14, 2021, Walter Rodriguez, of Manchester, New Hampshire, was sentenced to 1½ years in prison. Rodriguez was also ordered to pay approximately \$416,163 in restitution to the United States. From 2011 to 2013, Rodriguez aided and abetted several drywall companies that were evading the payment of employment taxes. Rodriguez found workers for the companies for construction jobs. The companies then issued checks in the names of fictitious or fraudulent identities and provided those checks to Rodriguez. Rodriguez converted the checks to cash at local check-cashing businesses and paid the workers off-the-books. In total, Rodriguez enabled the payment of \$1.7 million in unreported wages, which caused a tax loss of \$416,000.

CHARLOTTE FIELD OFFICE

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COLUMBIA, SC	KNOXVILLE, TN	RALEIGH, NC
GREENSBORO, NC	MEMPHIS, TN	WILMINGTON, NC
GREENVILLE, SC		

THE CHARLOTTE FIELD OFFICE covers the states of North Carolina, which has three judicial districts, South Carolina, which has a single judicial district, and Tennessee, which has three districts. We work a diverse mix of cases throughout the two states, including general tax fraud, refund fraud, terrorist financing, public corruption, Organized Crime Drug Enforcement Task Force (OCDETF) and employment tax fraud. The field office has excellent partnerships both internally and externally. Charlotte is the second largest banking center in the United States after New York City. Our office works closely with the respective U.S. Attorney's priority task forces, including the Joint Terrorism Task Force (JTTF), Financial Crimes Task Force, and OCEDTF.



South Carolina Man Sentenced for Narcotics Conspiracy

October 23, 2020, Jermaine Tyrone Southall, aka "Big Dog," aka "Cuzzo," aka "Big Man," was sentenced to 27 years in prison. Southall was a participant in a violent narcotics distribution organization that operated in and around Columbia, South Carolina. Southall conspired to possess and distribute heroin. This investigation was part of a collaborative federal and state effort, which culminated in several arrests and significant seizures.

Tennessee Realtor Sentenced for Ponzi Scheme

April 23, 2021, Tammy Lynn Hawk, of Bristol, Tennessee, was sentenced to 10 years in prison. Hawk was also ordered to pay restitution of \$658,838 to victims and \$71,062 in unpaid taxes to the United States. Hawk was a well-established real estate agent. Despite the success she enjoyed as a realtor, she ultimately used her knowledge, skills, and clientele to devise and operate a Ponzi-type scheme. Under her scheme, she notified victim clients of large profits to be made with quick-flip properties, she took cash from the victims, and she repaid earlier victims with funds she swindled from subsequent victims. Hawk defrauded at least 24 people. By the time her scheme was discovered, 12 victims remained unpaid and had lost over \$500,000. Hawk took extensive steps to hide and conceal her scheme, including making false statements, creating sham real estate contracts, using electronic signing services, and forgery. Hawk also failed to disclose these matters in connection with a filed bankruptcy case. Hawk used proceeds from her offenses to repay earlier victims and to fund her own lifestyle.

North Carolina Return Preparer Sentenced for Multi-Year Tax Fraud Scheme

February 8, 2021, Adrienne Williams, of Rocky Mount, North Carolina, was sentenced to more than 4 years in prison and was ordered to pay more than \$4 million in restitution to the IRS. Between 2009 and 2017, Williams owned and operated the return preparation business Ultimate Tax Service. During that time period, Williams, and at least two of her employees, prepared false tax returns for clients. In all, Williams and her co-conspirators sought to defraud the IRS of more than \$3.5 million.

Owner of North Carolina Temporary Staffing Firms Sentenced for Employment Tax Fraud

October 6, 2020, Rebecca Adams was sentenced to 3½ years in prison and was ordered to pay more than \$2 million in restitution. Adams and her daughter, Elizabeth Wood, operated temporary staffing businesses in Greensboro, North Carolina, under the names A & R Staffing Solutions Inc., Wood Executive Services Inc., and Adams Staffing Enterprises Inc. Adams and Wood withheld federal and state taxes from employees' paychecks, but they did not pay those taxes to the IRS. In 2015, Wood pleaded guilty to embezzling employee tax withholdings that were due to the state and was sentenced to prison. During Wood's period of incarceration for the state payroll tax fraud, Adams continued to withhold taxes from employees' paychecks, but she did not pay those taxes over to the IRS. Adams also did not file a required quarterly payroll tax return with the IRS. On June 25, 2020, Wood was sentenced to 1½ years in prison for failing to pay over federal employment taxes and was ordered to pay approximately \$2,338,766 in restitution to the IRS.

North Carolina Woman Sentenced for Conspiring to Steal Millions From Medicaid

October 20, 2020, Ameera Ali, of Columbus, Ohio, was sentenced to 7 years in prison for her role in a Medicaid fraud scheme. Ali filed fraudulent reimbursement claims with Medicaid on behalf of companies owned and operated by her co-conspirators. From June 2015 to December 2017, the leader of the scheme, Jerry Taylor, and his brother, Tony Taylor, orchestrated a scheme to defraud Medicaid of more than \$9.4 million by submitting false and fraudulent reimbursement claims for patient services that were either non-existent or mischaracterized to Medicaid. The brothers submitted the fraudulent claims through several companies they owned and/or operated. These entities specialized in providing outpatient behavioral health services to at-risk youth throughout North Carolina. Jerry Taylor, of Wingate, North Carolina, was previously sentenced to 5 years in prison and was ordered to pay restitution of more than \$6.1 million to North Carolina Medicaid and \$346,000 to the IRS. Tony Taylor, of Brooklyn, New York, was sentenced to 8 years in prison and was ordered to pay restitution of more than \$6 million to North Carolina Medicaid and more than \$1.1 million to the IRS.

CHICAGO FIELD OFFICE

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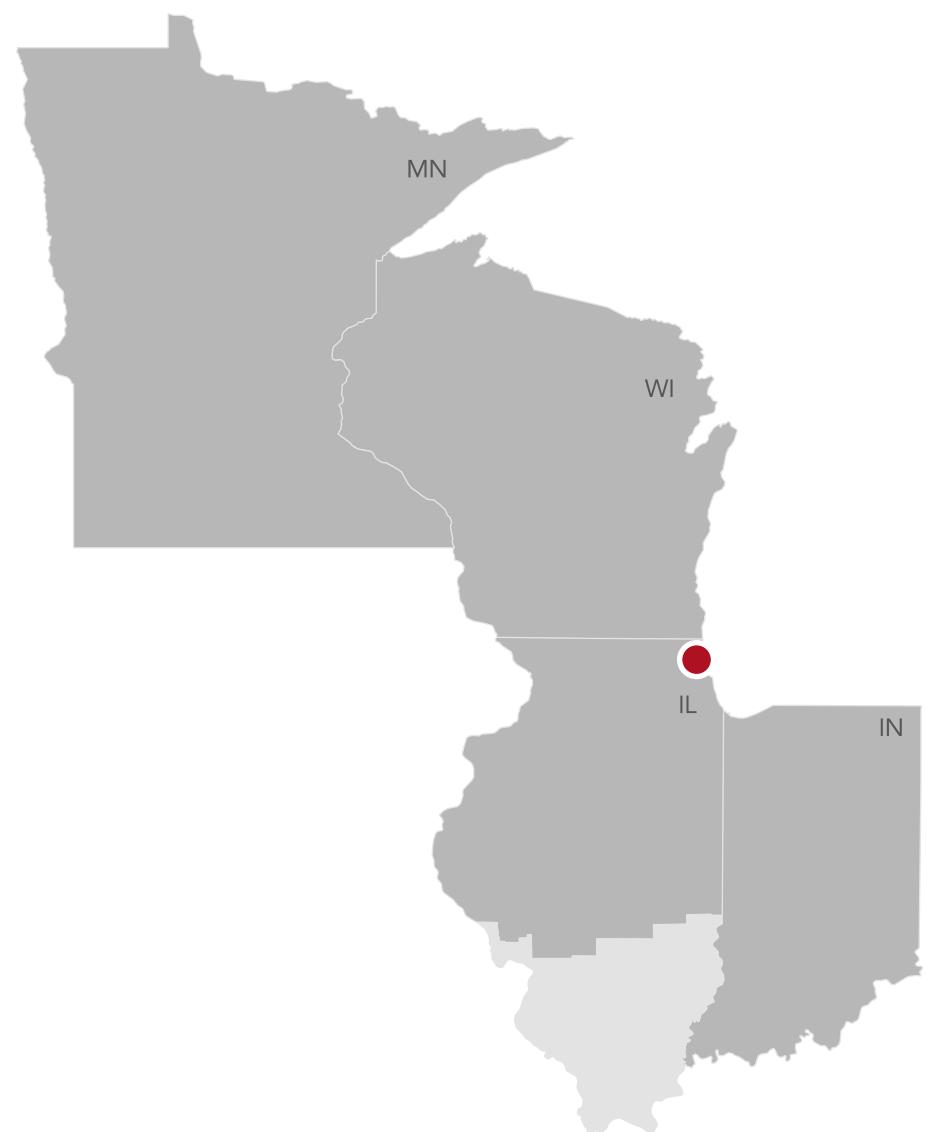
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DULUTH, MN
EAU CLAIRE, WI
EVANSVILLE, IN

FORT WAYNE, IN
GREEN BAY, WI
INDIANAPOLIS, IN
MADISON, WI
MATTESON, IL

MERRILLVILLE, IN
MILWAUKEE, WI
MINNEAPOLIS, MN
ORLAND PARK, IL
ROCHESTER, MN

ROCKFORD, IL
SCHILLER PARK, IL
SOUTH BEND, IN
SPRINGFIELD, IL

THE CHICAGO FIELD OFFICE is one of the largest field offices in the country consisting of sixteen groups of agents and professional staff. We cover a large geographical area in the states of Illinois, Indiana, Minnesota, and Wisconsin within seven judicial districts. We investigate a wide variety of cases and have excellent relationships with the U.S. Attorney's Offices. Our agents participate in numerous task forces including HIDTA, OCDETF, JTTF, cybercrimes, and political corruption. Our financial investigations span industries and directly benefit the communities in our region. Tax fraud is our priority, but we also work closely with our partners to investigate major financial fraud such as money laundering from narcotics trafficking and Covid-19 fraud. The field office has exceptional partnerships, both internally working with our civil counterparts, and externally with other federal, state, and local law enforcement agencies.



Check Cashing Business Owner Sentenced for Role in Tax Fraud Scheme

October 1, 2020, Marcos Alvarez was sentenced to 2 years in prison and was ordered to pay more than \$54 million in restitution to the IRS. Alvarez owned El Punto, a check cashing service. Alvarez cashed U.S. Treasury checks for others who participated in a tax fraud scheme. Alvarez admitted that the scheme entailed obtaining personal identifying documents from individuals in Mexico, fraudulently applying for individual tax identification numbers (ITINs) in the names of those Mexican citizens, and then filing fraudulent tax returns using those ITINs. Alvarez maintained a record-keeping system that documented each fraudulently obtained check he cashed. In total, Alvarez cashed more than \$54 million in fraudulently obtained U.S. Treasury refund checks.

Chinese National Sentenced for Laundering Drug Proceeds on Behalf of Traffickers in Mexico

April 27, 2021, Xainbing Gan, a Chinese national, was sentenced to 14 years in prison for laundering illegal narcotics proceeds on behalf of drug traffickers in Mexico. Gan schemed to have approximately \$534,206 in narcotics proceeds picked up in Chicago and transferred to various bank accounts in China. The money was ultimately intended for drug traffickers in Mexico. Gan facilitated the money transfers while residing in Guadalajara, Mexico.

Lawyer Sentenced on Tax Evasion Charges

January 22, 2021, Raymond Gupta was sentenced to 2 years in prison. Gupta was also ordered to pay \$1.7 million in restitution and a fine of \$15,000. In July 2020, Gupta pleaded guilty to one count of tax evasion and six

counts of failure to file federal income tax returns. Gupta was an attorney in Schererville, Indiana, who specialized in personal injury law. Gupta practiced law through Ray Gupta and Associates LLC, a limited liability company that he owned and controlled. From 2007 through 2018, Raymond Gupta had a legal duty to timely file a federal tax return, but he failed to do so for each year. By the end of tax year 2018, Gupta owed the IRS nearly \$2 million in taxes, penalties, and interest. The IRS sent Gupta more than 40 forms, notices, and letters directing him to file tax returns and pay the balance of taxes, penalties, and interest owed. Gupta did not voluntarily pay any money to reduce his IRS debt. The IRS issued levies with financial institutions holding Raymond Gupta's funds and seized some funds. To avoid paying his taxes, Gupta kept large sums of money outside the banking system and took other actions to evade the IRS.

Illinois Man Sentenced for Illegal Sports Bookmaking and Tax Offenses

November 30, 2020, Dominic Poeta, of Highland Park, Illinois, was sentenced to one year in prison for operating an illegal sports bookmaking business and filing false income tax returns. Poeta unlawfully operated a business that provided sports betting and wagering services, both domestically and abroad. From 2012 to 2017, Poeta obtained more than \$3.7 million from the operation of his bookmaking business. Poeta failed to report this income on the federal and state tax returns he filed for each of those years, which resulted in a federal and state tax loss of approximately \$1.4 million.

Multiple Individuals Sentenced in Massive Contracting Fraud and Money Laundering Scheme

(see page 22)

CINCINNATI FIELD OFFICE

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AKRON, OH

BOWLING GREEN, KY

CANTON, OH

CLEVELAND, OH

COLUMBUS, OH

DAYTON, OH

FLORENCE, KY

INDEPENDENCE, OH

LEXINGTON, KY

LOUISVILLE, KY

TOLEDO, OH

THE CINCINNATI FIELD OFFICE covers the states of Ohio and Kentucky, which includes two federal judicial districts in each state. We work closely with our federal, state, and local law enforcement partners to investigate and prosecute tax, money laundering, Bank Secrecy Act, and related financial crimes that affect the southern and northern judicial districts of the “Buckeye State” as well as the eastern and western judicial districts of the “Bluegrass State.” Our special agents and professional staff provide unparalleled financial expertise to lead investigations of the most egregious white-collar criminals. We work in concert with the United States Attorney’s office as well as our civil and law enforcement partners to significantly impact regional and national priorities that include: income tax evasion, questionable tax refund/return preparer fraud, ID theft, cybercrimes, counterterrorism and narcotics related crimes, including opioid-related drug investigations.



Woman Sentenced for Embezzlement, Identity Theft, and Tax Fraud

October 26, 2020, Candi Fluhr was sentenced to nearly 8 years in prison. Fluhr was also ordered to pay \$838,804 in restitution to four victims. Fluhr previously pleaded guilty to four counts of wire fraud, one count of aggravated identity theft, one count of theft from an employee benefit plan, and two counts of filing a false tax return. As an employee of Meyer Plumbing, Fluhr engaged in a nearly 2-year scheme to steal over \$630,000 from the company and its employees’ 401(k) plan. After her embezzlement was discovered and she was fired from Meyer Plumbing, Fluhr was hired at JLM Services (“JLM”) in mid-2019. As office manager at JLM, Fluhr had access to the company’s financial information and she quickly began to steal again, in much the same manner as she did at Meyer Plumbing. In total, Fluhr stole \$39,749 from JLM before her scheme was detected. During her time between work at Meyer Plumbing and JLM, Fluhr created and presented multiple fraudulent checks to PLS Check Cashing. One of those checks ultimately resulted in a loss in excess of \$7,741.84 to PLS Check Cashing. Finally, Fluhr filed false tax returns in 2016 and 2017 by failing to report a total of \$649,044 in embezzled funds, which caused a total criminal tax loss of \$158,270.

Kentucky Woman Sentenced for Money Laundering and Filing False Tax Return

October 1, 2020, Lesley Wade was sentenced to 5 years in prison. Wade was a long-time employee of the Franklin County Board of Education (FCBOE), most recently serving as the FCBOE’s Financial Director. Starting in February 2011 through about June 2019, Wade wrote unauthorized checks of FCBOE money to herself, and then she falsified the necessary FCBOE records and invoices to cover up her crimes. Wade also served as Treasurer of Leestown Gospel Church in Frankfort, where she essentially had plenary control over its financial management, with little oversight or internal controls. Wade used her control over the church’s finances to launder money she had stolen from the FCBOE. She used the church’s account to deposit funds from the FCBOE and then wrote checks to herself, in an effort to avoid detection by making the checks appear legitimate. Her theft of funds resulted in the FCBOE losing more than \$1.6 million. Wade also willfully filed false individual income tax returns for the years 2011 through 2018,

by intentionally failing to report the income from her fraudulent scheme. The total tax loss was \$315,677.

Conspirators Sentenced for Operating Illegal Gambling Operation and Evading Taxes

December 18, 2020, Clinton Reider was sentenced to 2 years in prison. Reider was also ordered to pay restitution of \$230,714 to the IRS and to forfeit \$550,000 to the U.S. Treasury. Reider was convicted of tax evasion and conspiracy related to an illegal gambling scheme. Between 2010 and 2019, Reider operated a bookmaking operation that used offshore websites in Costa Rica to control and track bets. Reider collected cash from customers to settle accounts. He also utilized a network of co-conspirator bookmakers, including former MLB Cleveland Indians player Trevor Crowe, to act as sub-agents to collect funds from customers and remit a portion of their losses to Reider. Reider funneled the proceeds from the bookmaking ring into the purchase and renovations of a lakefront property. On December 22, 2020, Trevor Crowe was sentenced related to his role in the ring. He was sentenced to 3 years of probation for filing a fraudulent tax return and was ordered to pay \$85,043 in restitution to the IRS.

Georgia Man Sentenced for Tax Fraud

June 7, 2021, Darryl Brown, of Atlanta, Georgia, was sentenced to nearly 5 years in prison. Brown was also ordered to pay restitution of \$377,240 to the IRS. From at least 2011 to 2016, Darryl Brown earned at least \$1 million from his business. However, to evade paying taxes on this income, Brown did not file tax returns and took steps to conceal his income. He created nominee businesses, opened bank accounts and lines of credit in the names of those businesses, and then used the accounts to pay for his luxury lifestyle. Brown used cash to purchase money orders in structured amounts to avoid triggering reporting requirements to the Department of Treasury and the IRS. Brown then used the money orders to pay off the balances on his nominee accounts. In total, Brown caused a tax loss of more than \$250,000.

8 Individuals Sentenced for Laundering \$44 Million in Drug Proceeds to Mexico Through Local Cell Phone Store Fronts

(see page 22)

DALLAS FIELD OFFICE

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FAYETTEVILLE, AR LUBBOCK, TX
FORT SMITH, AR

MUSKOGEE, OK
OKLAHOMA CITY, OK
TULSA, OK
TYLER, TX

THE DALLAS FIELD OFFICE covers the Northern and Eastern Districts of Texas, Oklahoma and Arkansas. Our agents work a diverse mix of criminal investigations, which include tax fraud, identity theft, public corruption, narcotics, and terrorism investigations. Our agents hold pivotal roles on the respective U.S. Attorney's Office 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 and the Joint Terrorism Task Force (JTTF).



Arkansas Businessman Sentenced for Evading \$1.3 Million in Income Tax

April 6, 2021, James Brassart, of Bentonville, Arkansas, was sentenced to 3 years in prison and was ordered to pay more than \$1.3 million in restitution to the IRS. Brassart filed a 2006 individual income tax return that reported adjusted gross income exceeding \$1.5 million and taxes due to the IRS of \$486,438. Brassart failed to pay the taxes owed and was assessed penalties and interest. To evade his tax liabilities, Brassart took extensive steps to conceal his income and assets. He used three nominee corporations to conduct business and purchase assets. Moreover, between 2010 and 2016, Brassart filed four false bankruptcy petitions to discharge his tax debt. In those bankruptcies, Brassart made false statements and filed fraudulent documents. Through his actions, Brassart caused a total tax loss of approximately \$1.3 million to the IRS.

Former Bank Employee Sentenced for \$2.3 Million Embezzlement and False Federal Income Tax Return

August 3, 2021, Jordan Glen Young, of Oklahoma City, was sentenced to 2½ years in prison. Young was ordered to pay \$2.3 million in restitution to his former employer, a trust bank, and \$500,822 in restitution to the IRS. Young worked at an Oklahoma City trust bank as a trust administrative officer. Young oversaw trust accounts and distributed funds from those accounts to the beneficiaries, as needed. From December 2015 through March 2020, Young embezzled funds from his former employer causing a total loss to the trust bank of \$2 million. Young also pleaded guilty to signing a false federal income tax return. Young failed to report the thousands of dollars of embezzled income from the trust bank.

14 Defendants Sentenced to 74+ Years in Forest Park Healthcare Fraud

By March 19, 2021, fourteen defendants had been sentenced for their participation in the Forest Park Medical Center bribery scam. Together, the defendants were sentenced to a combined 74+ years in prison and were ordered to pay a total of \$82.9 million in restitution. The \$200 million scheme was designed to induce doctors to steer lucrative patients – particularly

those with high-reimbursing, out-of-network private insurance – to the now defunct hospital. Doctors were paid a kickback for sending patients to Forest Park. Most of the kickbacks, which totaled more than \$40 million, were disguised as consulting fees or “marketing money” and were determined by the percentage of surgeries each doctor referred to Forest Park. Instead of billing patients for out-of-network co-payments, Forest Park assured patients they would pay in-network prices and wrote off the difference as uncollected “bad debt.” In addition to the \$82.9 million restitution, the government plans to collect more than \$25.5 million in money judgments against those convicted in the scheme.

Dallas Tax Preparer Sentenced, Ordered to Pay \$11.9 Million for Filing Fraudulent Tax Returns

February 26, 2021, Alma Jean Gilbert, was sentenced to 3½ years in prison and was ordered to pay \$11.9 million in restitution. Gilbert owned and operated a tax practice, In Touch Tax Solutions. Gilbert hired employees to prepare and file tax returns on behalf of clients. Between 2012 and 2017, Gilbert knowingly prepared and caused to be filed hundreds of fraudulent tax returns for clients. The fraudulent returns contained materially false credits and deductions for the purpose of increasing the refunds to the clients.

Tax Preparer Sentenced for Preparing False Returns; Ordered to Pay \$14 Million in Restitution

April 20, 2021, Steven Jalloul was sentenced to 6 years in prison and was ordered to pay \$14 million in restitution for preparing false tax returns. Jalloul prepared and submitted false income tax returns to the IRS on behalf of the clients of his business, Royalty Tax and Financial Services LLC. Jalloul added false or inflated education expenses to client tax returns to make them eligible for larger American Opportunity education credits. He also added false or inflated business income or losses to client tax returns to maximize the Earned Income Credit.

Key Drug Suppliers for the Irish Mob Sentenced

(see page 24)

DENVER FIELD OFFICE

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BILLINGS, MT

BOISE, ID

CHEYENNE, WY

COEUR D'ALENE, ID

COLORADO SPRINGS, CO

DURANGO, CO

FORT COLLINS, CO

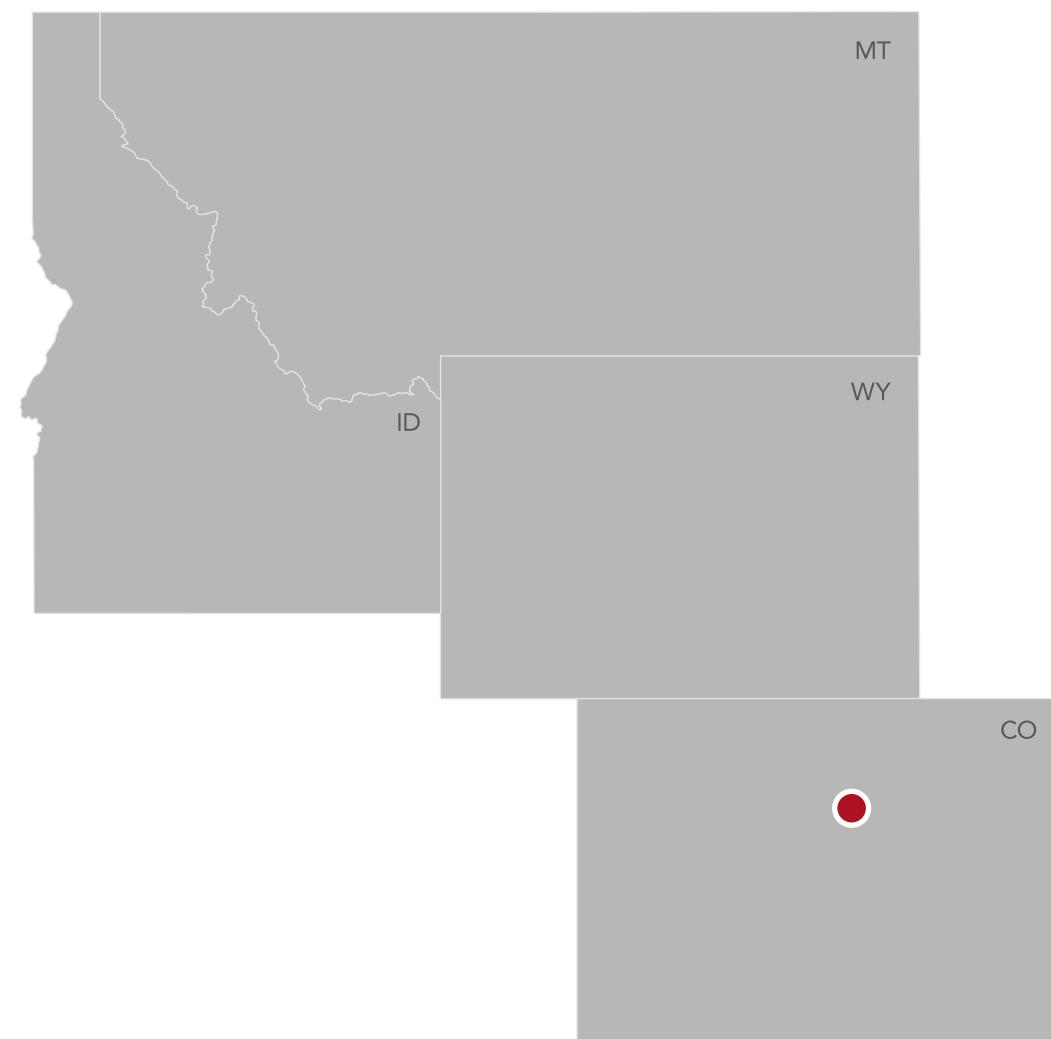
GRAND JUNCTION, CO

HELENA, MT

MISSOULA, MT

WESTMINSTER, CO

THE DENVER FIELD OFFICE covers a large geographic area (approximately 432,500 square miles) that includes the states of Colorado, Montana, Idaho and Wyoming. Our Special Agents work a varied mix of criminal investigations including all manners of tax fraud, money laundering and other federal frauds with a financial nexus which impact regional and national priorities based on our diverse geographic region.



Former FBI Employee Sentenced for Receiving Bribes and Tax Fraud

April 7, 2021, former FBI official James Heslep, of Gainesville, Virginia, was sentenced to more than 3 years in prison for receiving a bribe by a public official and filing a false federal income tax return. Heslep was also ordered to forfeit \$128,128 and pay \$15,353 in restitution to the IRS. As a management and program analyst, Heslep was responsible for managing construction and services contracts across the country. Heslep abused his FBI position by receiving illegal payments and other items from a construction management company overseeing the construction of an FBI data center in southeastern Idaho. Heslep received \$120,000 in illegal payments, which he used to pay for personal expenses, vacations, and jewelry. He also received tickets for travel and sporting events, among other items of value. Heslep failed to report these items on his tax return.

Idaho Falls Man Sentenced for Knowingly and Fraudulently Concealing Assets in a Bankruptcy Proceeding

December 22, 2020, Andrew Welch, of Idaho Falls, Idaho, was sentenced to 5 years in prison for concealment of assets. Welch was also ordered to pay a \$25,000 fine and to forfeit \$25,000. Welch, a former pharmacist in Ketchum, Idaho, filed a voluntary Chapter 7 bankruptcy petition on April 3, 2014, after the Idaho State Board of Pharmacy revoked his pharmacist license. In the bankruptcy petition, signed under penalty of perjury, Welch fraudulently listed significant debts and almost no assets. However, Welch had an interest in significant unreported assets, which he had placed under the control of close confidants. Welch knowingly and fraudulently failed to disclose more than \$250,000 in cash and securities held in an investment account in the name of another individual. Welch also knowingly and fraudulently failed to disclose his purchase of real property in Idaho Falls for \$123,500 in January 2012. Welch fraudulently transferred the real property to a second individual, who

did not provide Welch with any value for the real property. In addition to concealing assets, Welch falsely testified under oath during the bankruptcy proceedings.

Owner of Montana Construction Company Sentenced for \$1.5 Million Tax Fraud

May 20, 2021, Trennis Baer, of Great Falls, Montana, was sentenced to more than a year in prison and was ordered to pay \$935,251 in restitution. Baer owned and operated Baer Construction. From 2010 through 2018, Baer did not file quarterly employment tax returns, nor did he pay employment taxes withheld from his employees' wages to the IRS. Baer did not comply with these legal requirements, even though, from at least 2013 onwards, the company's outside accountant prepared employment tax returns to be filed and calculated the taxes due. Baer also willfully failed to file personal income tax returns for the years 2001 through 2006, 2008, and 2010 through 2018.

Rock Springs CPA Sentenced for Preparing a False Income Tax Return

June 11, 2021, Paul Edman, a Certified Public Accountant practicing in Rock Springs, Wyoming, was sentenced to 120 days in prison. Edman willfully counseled several of his clients, who were local restaurant owners that suppressed their cash sales. Edman made significant adjustments to his clients' personal and business expenses to reduce their tax bill. The false expenses totaled nearly \$645,000. He also recommended ways they could deduct expenses that would not stand out in an audit. Edman willfully provided the advice, in an effort to defraud the IRS. Ultimately, Edman reduced the amount of a client's tax bill by \$72,000 and then he signed and filed the false tax return electronically.

Private Equity CEO Enters into Non-Prosecution Agreement on International Tax Fraud Scheme

(see page 23)

DETROIT FIELD OFFICE

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ANN ARBOR, MI
EAST LANSING, MI

FLINT, MI
GRAND RAPIDS, MI

PONTIAC, MI
TRAVERSE CITY, MI

THE DETROIT FIELD OFFICE area of responsibility encompasses the state of Michigan and its two judicial districts. 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 and money laundering. To address the various priorities affecting Michigan, agents are embedded on a variety of task forces such as the Joint Terrorism Task Force (JTTF), Public Corruption, Organized Crime Drug Enforcement Task Force (OCDETF), Border Enforcement Security Task Force, Third Party Money Laundering Task Force, Dark Web Task Force, and the Alliance Human Trafficking and Human Smuggling Task Force.



CEO Sentenced in \$150 Million Health Care Fraud, Opioid Distribution, and Money Laundering Scheme

March 3, 2021, Mashiyat Rashid, of West Bloomfield, Michigan, was sentenced to 15 years in prison. Rashid was also ordered to pay over \$51 million in restitution to Medicare, as well as to forfeit to the United States property traceable to proceeds of the health care fraud scheme, including over \$11.5 million, commercial real estate, residential real estate, and a Detroit Pistons season ticket membership. From 2008 to 2016, Rashid was the CEO of the Tri-County Wellness Group. The clinics had a policy to offer patients, some of whom were suffering from legitimate pain and others who were drug dealers or opioid addicts, prescriptions of Oxycodone 30 mg. The clinic forced patients to submit to unnecessary back injections, in exchange for their prescriptions. The clinics intentionally targeted the Medicare program and recruited patients from homeless shelters and soup kitchens. Rashid only hired physicians willing to disregard patient care in the pursuit of money. Rashid incentivized the physicians to follow the Tri-County protocol of offering opioid prescriptions and administering unnecessary injections by offering to split the Medicare reimbursements for these lucrative procedures. The specific injections used had nothing to do with the medical needs of the patients but were instead selected, because they were the highest-paying injection procedures. Twenty-one other defendants, including 12 physicians, have been convicted for their participation in this conspiracy.

Michigan Woman Sentenced for Fraud Scheme Targeting Kalamazoo Manufacturing Business

March 16, 2021, Kris Marie Fratzke, of St. Joseph, Michigan, was sentenced to 4½ years in prison. Fratzke was also ordered to pay restitution totaling \$930,233, which included \$772,953 to Flare Fittings and \$157,280 to the IRS. Between 2013 and 2019, Fratzke was the chief financial officer of Flare Fittings, a pipe manufacturing company, located in Kalamazoo, Michigan. Fratzke created a shell company she called Mid America Fittings, which had the appearance of a real supplier of materials to Flare Fittings. She then created phony invoices for the shell company and paid them using her authority over the finances of Flare Fittings. Additionally, Fratzke intentionally omitted the proceeds of her fraudulent conduct from her tax return.

Imposter Nurse Sentenced for Fraud and Tax Evasion

October 28, 2020, Sonja Emery was sentenced to more than 5 years in prison and was ordered to pay approximately \$2.2 million in restitution to the employer victims and \$697,000 in restitution to the IRS. Emery used several aliases, including "Sonja Lee Robinson," "Sonjalee Emery-Robinson," and "Sonjalee Emery." From 2011 through 2018, Emery falsely represented her professional status, educational background, and work experience to secure and maintain highly paid consulting positions in the health-care industry. She falsely claimed to be a registered nurse licensed in New York, Georgia, Connecticut, and California, and she provided employers with licensure numbers that belonged to other people. In fact, she never was a registered nurse. Emery also falsely told employers she had degrees from various universities, but Emery never attended those schools or received such degrees. Using these false representations, Emery secured high-level health-care positions. During these years, Emery either did not file or filed late tax returns, despite owing more than \$400,000 in taxes. She sought to avoid detection by providing employers with different names and false social security numbers, by falsely instructing employers that she was "exempt" from taxes, and by supplying an employer with an identification number that did not belong to her.

Former Owner of Stamp Farms Sentenced for Bank Fraud Scheme and Conspiracy to Defraud Farm Benefit Programs

January 19, 2021, Michael David Stamp, of Decatur, Michigan, was sentenced to 8 years in prison and was ordered to pay more than \$17 million in restitution to Wells Fargo Bank, the U.S. Department of Agriculture's Risk Management Agency, and U.S.D.A.'s Farm Service Agency. Stamp, who at one point operated the largest agribusiness in the state of Michigan, engaged in a scheme to defraud his lender, Wells Fargo Bank, in order to obtain a \$68 million line of credit for his business. Stamp also engaged in a conspiracy to defraud the Federal Crop Insurance Corporation.

FCA US LLC Pleads Guilty and Former UAW and FCA Officials Sentenced

(see page 23)

HOUSTON FIELD OFFICE

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AUSTIN, TX

BROWNSVILLE, TX

CORPUS CHRISTI, TX

EL PASO, TX

LAREDO, TX

MCALLEN, TX

SAN ANTONIO, TX

WACO, TX

THE HOUSTON FIELD OFFICE area of responsibility encompasses the Southern and Western judicial Districts of Texas. Due to the proximity to the Mexican international border and having some of the fastest-growing cities and counties in the United States within its jurisdiction, Houston special agents are able to work a variety of cases with emphasis in traditional tax-related crimes such as employment tax, corporate fraud, identity theft, unscrupulous return preparers and general fraud. The Houston Field Office also provides crucial support to their respective U.S. Attorney's priority task forces involving counterterrorism, public corruption, human trafficking, drugs and complex money laundering violations.



Texas Bounty Hunter Sentenced for Running International Sex Trafficking Conspiracy

April 26, 2021, Luis de Jesus Rodriguez, aka "Htown Hunter," was sentenced to 15 years in prison. Rodriguez will also be required to register as a sex offender. Rodriguez was previously convicted of sex trafficking, conspiracy to commit visa fraud, and international money laundering. In 2016, Rodriguez, and his international criminal network, targeted, recruited and exploited young women in Colombia and the United States by making false promises of a better life. He portrayed himself as a bounty hunter to assure the women he was affiliated with law enforcement and could be trusted. However, once here, the women had to work at a Houston strip club and sign debt bondage contracts, and they were ultimately forced into engaging in commercial sex acts. Rodriguez also engaged in widespread visa fraud to facilitate the international transportation of the victims.

Executive Sentenced in \$189M Health Care Fraud Scam

April 22, 2021, Bobby Rouse was sentenced to 10 years in prison. Rouse was an executive at Continuum Healthcare LLC, which owned Westbury Community Hospital in Houston, as well as community mental health centers in the Houston area. Each location operated a partial hospitalization program (PHP) supposedly for treating individuals with mental illness. Rouse and other executives were responsible for day-to-day operations and together were involved in the implementation of the various kickback programs. Numerous people were referred for treatment in exchange for payment. However, the vast majority did not qualify for PHP services. In total, Continuum billed Medicare approximately \$189 million for fraudulent PHP services, and Medicaid paid approximately \$66 million of those claims.

Company CFO and Ex-Husband Sentenced and Ordered to Pay Over \$20 Million in Restitution for Embezzlement Scheme

April 28, 2021, Robert "Scott" Villarreal was sentenced to more than 7 years in prison for a scheme to embezzle millions of dollars from Richardson Enterprises, Ltd, a company where his ex-wife served as Chief Financial Officer. In December 2020, Villarreal's ex-wife, Tamra Maurine Villarreal, aka "Tamra Creighton Villarreal," was sentenced to more than 5 years in prison for her role in the same scheme. Both were ordered to share the responsibility of paying \$15 million in restitution to Richardson Enterprises, Ltd. and \$4 million in restitution to the IRS. In 2009, the couple began stealing money from Tamra's employer, even though Tamra was paid an

annual salary in excess of \$400,000. The couple used the embezzled funds to support a lavish lifestyle. They also subscribed to a false federal income tax return for the year 2013, by claiming \$433,747 in earnings, when in truth their income that year far exceeded that amount due to the proceeds from their fraud scheme.

Owner of Dog Training School Sentenced for Defrauding the V.A. of over \$1.5 Million in GI Bill Benefits

April 30, 2021, Bradley Lane Croft was sentenced to nearly 10 years in prison and was ordered to pay more than \$1.5 million in restitution. Croft, the owner of Universal K-9, Inc., was previously found guilty of eight counts of wire fraud, four counts of aggravated identity theft, two counts of money laundering, and two counts of making a false tax return. Croft schemed to defraud the federal government of more than \$1.5 million in Veterans Affairs GI Bill benefits to train service canines and their handlers. Beginning in 2015, Croft provided false information in applications to the Texas Veterans Commission to receive GI Bill educational benefit payments. During the scheme, Universal K-9 filed approximately 185 fraudulent claims relating to the education of about 132 veterans. The claims totaled over \$1.5 million. Additionally, Croft submitted fraudulent income tax returns reporting annual income of \$2,000 during the years 2016 and 2017. During those years, Croft received substantially more income than what he reported to the IRS. Croft was also ordered to forfeit various property, vehicles, and funds and to pay a money judgment of \$1.3 million.

Texas Businessman Sentenced for Defrauding Family and Friends out of \$18 Million

July 8, 2021, James Clinton Fletcher was sentenced to 15 years in prison. Fletcher was also ordered to pay more than \$18 million in restitution to his victims and nearly \$1.2 million in restitution to the IRS. Fletcher previously pleaded guilty to conspiracy to commit wire fraud and willful failure to pay employee tax withholdings to the IRS. Fletcher was the owner of the now-defunct San Jan, LLC. From March 2015 to January 2018, Fletcher schemed to defraud more than two dozen family members, friends, and business associates out of more than \$18 million. Fletcher used those fraudulently obtained funds to purchase a home valued at over \$1 million, a vacation home, and expensive vehicles. Fletcher also gambled extensively and went on extravagant hunting trips. For the third quarter of 2016, Fletcher failed to report and turn over to the IRS approximately \$378,437 in employee withholdings.

LAS VEGAS FIELD OFFICE

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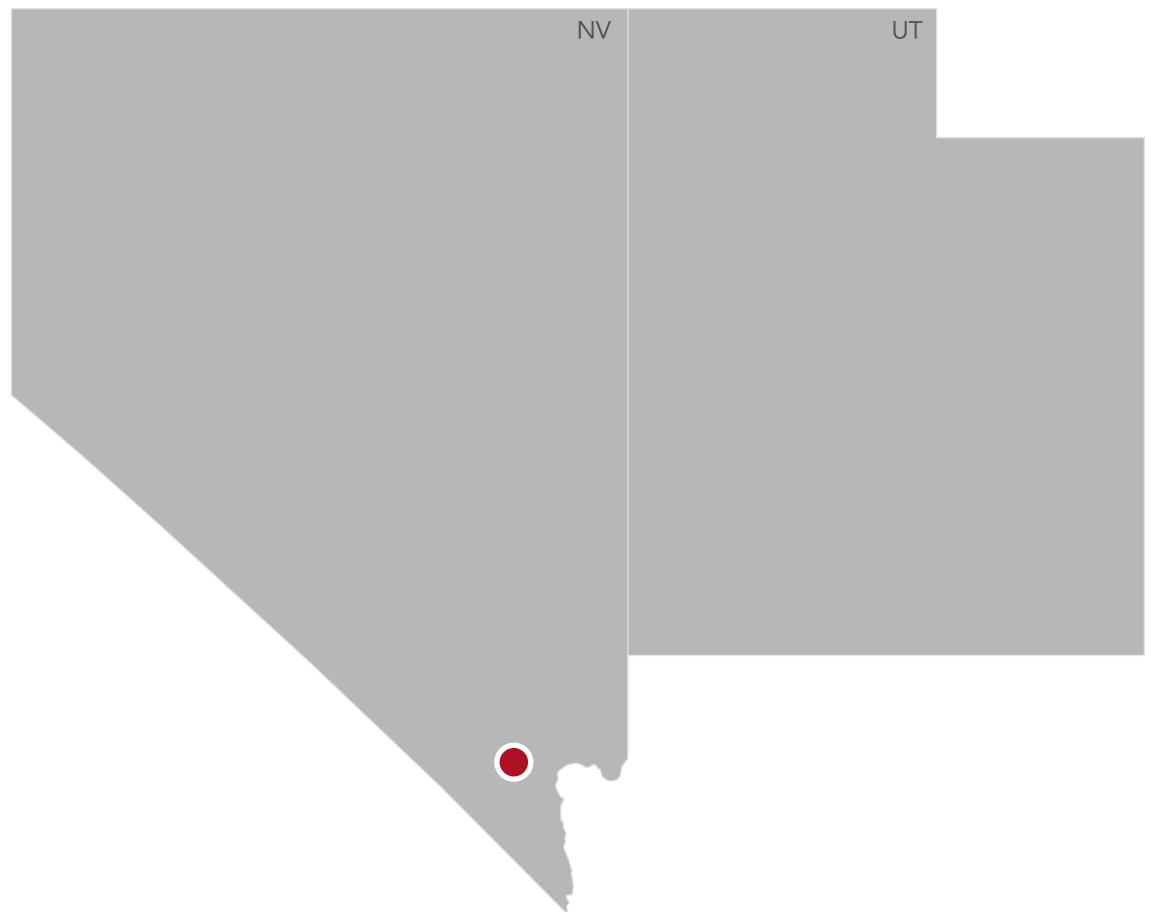
OGDEN, UT

RENO, NV

SALT LAKE CITY, UT

THE LAS VEGAS FIELD OFFICE covers the District of Nevada, as well as the District of Utah, comprising two judicial districts. We work a diverse mix of cases across the geographic area to include: criminal tax fraud, money laundering and cyber crimes. We also hold pivotal roles on the respective U.S. Attorney's priority task forces, including the Joint Terrorism Task Force, Organized Crime Drug Enforcement Task Force (OCDETF), and the Financial Crimes Task Force. In addition, we cover a large part of the casino industry for the United States and an outstanding narcotics program in Utah.

* The Las Vegas field office merged into the Phoenix field office in July 2020.



CEO of Nationwide Drug Trafficking Organization Sentenced to Life in Prison

October 15, 2020, Aaron Michael Shamo, of Cottonwood Heights, Utah, was sentenced to life in prison. Shamo was the CEO of a nationwide Dark net drug trafficking organization that distributed more than half a million counterfeit pills throughout the country. The organization imported fentanyl and alprazolam from China and used the drugs to manufacture fake oxycodone pills made with fentanyl and counterfeit Xanax tablets. Shamo distributed the controlled substances to other individuals for distribution in all 50 states. Shamo used a storefront, PHARMASTER, on the Dark net marketplace AlphaBay, and the U.S. mail. Shamo sold more than half a million fentanyl-laced pills on the Dark net. He also sold hundreds of thousands of fentanyl pills locally. Shamo established the Dark net storefront, hired employees, and took charge of marketing and product placement. He was a drug dealer to other drug dealers. Since Shamo sold the fentanyl-laced fake oxycodone pills in bulk to redistributors, the end users of the pills could not always be located. However, evidence shows that more than 90 individuals died from subsequent overdoses.

Las Vegas Tax Preparer Sentenced for False Tax Returns, Causing Nearly \$3 Million Tax Loss

June 21, 2021, Anita Edoria Santa Ana was sentenced to one year in prison for preparing fraudulent tax returns over a 7-year span and causing nearly \$3 million in tax loss to the IRS. Santa Ana operated tax return preparation businesses in Las Vegas under the names Santana Tax Service and Silver Income Tax LLC. For tax years 2012 to 2018, she falsified clients' tax returns by claiming deductions and exemptions to which clients were not entitled. In total, Santa Ana caused a tax loss of at least \$2.9 million to the IRS.

Hawaii Man Sentenced on Drug Conspiracy and Money Laundering Conspiracy Charges

June 17, 2021, Justin K. Wilcox, aka "Justin Kaanoi," aka "Ali'I," of Kailua, Hawaii, was sentenced to nearly 25 years in prison and was ordered to pay a forfeiture money judgment of \$127,000. Wilcox was convicted for conspiracy to distribute and to possess 50 grams or more of cocaine with intent to distribute and conspiracy to commit money laundering. Wilcox was the Oahu leader and organizer of a drug conspiracy, which operated in Hawaii and involved more than five members with drugs supplied by a source in Las Vegas, Nevada. Wilcox was responsible for the possession and distribution of

3,880 grams of pure methamphetamine, or "ice," and 1,393 grams of cocaine. Wilcox used his Kailua clothing company, Armed and Dangerous, as a front business to launder cash drug proceeds. In addition to the seizure of 8.4 kilograms of methamphetamine and 1.39 kilograms of cocaine, federal law enforcement agents also seized over \$160,000 in cash, two firearms, and ammunition. Eight individuals were convicted for their participation in the drug conspiracy, and a ninth man who was convicted on related drug charges. All nine received sentences of more than 3 years in prison. Five of them, including Wilcox, received sentences of over 10 years, and two of them exceeded 20 years.

Las Vegas Man Sentenced for Fraudulent Tax Return Scheme

October 7, 2020, Terry Williamson, of Las Vegas, Nevada, was sentenced to nearly 6 years in prison for conspiracy to commit mail and wire fraud. From January 2009 through April 2011, Williamson played a leading role in a mail and wire fraud conspiracy. As part of the scheme, Williamson's co-conspirators filed false tax returns with the IRS to fraudulently obtain tax refunds. They used the names and Social Security numbers of deceased taxpayers in order to facilitate the fraud. Williamson opened a bank account under a business name, Refund and Rebates Management Inc., to handle the fraudulently obtained refund checks. After Williamson or other co-conspirators deposited the refund checks into the Refund and Rebates bank account, Williamson transferred large amounts of cash to his personal account and to the accounts of his co-conspirators. He used the remaining funds in the account for his own personal enrichment, including a \$60,000 fully loaded pick-up truck. More than 480 fraudulent tax refund checks, totaling almost \$2 million, were deposited into Williamson's account.

Utah Man Sentenced for Financial Fraud Scheme

December 3, 2020, Theodore Lamont Hansen, of Highland, Utah, was sentenced to 4 years in prison and was ordered to pay restitution of more than \$1.4 million. Hansen devised a scheme to defraud an individual of \$1 million using fraudulent promises and by omitting material facts. Hansen convinced the victim to give him the money by representing he would use the funds to purchase full ownership of Seven Peaks Water Park in Provo. The bank fraud conviction stems from a large check-kiting scheme, involving at least 10 different companies. The victim bank was left with a loss of more than \$1.6 million.

LOS ANGELES FIELD OFFICE

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CAMARILLO, CA

EL MONTE, CA

LAGUNA NIGUEL, CA

LONG BEACH, CA

SAN BERNARDINO, CA

SAN DIEGO, CA

SAN MARCOS, CA

SANTA ANA, CA

SANTA MARIA, CA

VAN NUYS, CA

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 LAFO covers two judicial districts in California--the Central and the Southern. The LAFO 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).



O.C. Tax Preparer Sentenced for Filing False Tax Returns that Caused Almost \$5 Million in Losses to IRS

November 16, 2020, Michael Hung Lee, of Garden Grove, California, was sentenced to nearly 3 years in prison and was ordered to pay nearly \$5 million in restitution. Lee previously pleaded guilty to conspiracy to aid and assist in the preparation of false tax returns. From 2014 to March 2018, Lee was a tax preparer, who owned and operated the Garden Grove-based business, 1040 U.S. Tax Center Inc. Lee conspired with others at the business to fraudulently prepare and file federal individual income tax returns on behalf of their clients. On these tax returns, Lee claimed capital losses that he knew his clients never approved and for which they were unqualified. The false declarations of capital losses reduced his clients' taxable income. As a result, the federal government incurred a tax loss of at least \$4,917,035. The tax refunds went to the customers, while Lee obtained more business as a result of the scheme.

California Man Sentenced to 212 Years in Prison for Scheming to Collect Insurance Proceeds by Intentionally Killing His Children

March 11, 2021, Ali Elmezayen was sentenced to 212 years in prison for intentionally driving his ex-wife and two disabled sons off a wharf at the Port of Los Angeles into the ocean – drowning the boys who were trapped in the car – to collect on accidental death insurance policies he had taken out on their lives. Elmezayen bought more than \$3 million of insurance on their lives, waited for two years so the insurance companies would not contest his claims, and then drove them into the ocean, leaving them to drown. After purchasing the policies, Elmezayen repeatedly called the insurance companies – sometimes pretending to be his ex-wife, in whose name he had obtained some of the policies, to verify that the policies were active and that they would pay benefits if his ex-wife died in an accident. Following the crash, Elmezayen repeatedly lied to law enforcement officers and insurance companies. He also lied in subsequent civil litigation he filed concerning the crash. Specifically, Elmezayen lied about the extent of the insurance he had purchased on his family and whether he had insured his disabled children's lives. He also attempted to persuade witnesses to lie to law enforcement and say he had given the insurance proceeds to charity.

San Diego Drug and Money Laundering Cell Leader Sentenced

October 26, 2020, Javier Felix-Bayardo, a resident of Sinaloa, Mexico, who was living in the San Diego area, was sentenced to 17 years in prison for his role as the organizer of drug and money-laundering conspiracies and for possessing firearms, in furtherance of a drug trafficking crime. The court also imposed a \$30,000 fine. Felix-Bayardo coordinated the receipt of cocaine, methamphetamine, and marijuana smuggled to the San Diego area. He arranged to store the drugs and then deliver them to customers. He and others also opened dozens of bank accounts to receive cash deposits of drug proceeds from throughout the United States. The funds were then withdrawn for bulk transport to drug suppliers in Mexico. The conspiracy involved the laundering of at least \$4.5 million in drug proceeds. At least 26.5 kilograms of cocaine, 938 grams of methamphetamine, and 486 kilograms of marijuana were seized during the investigation. Felix-Bayardo possessed five firearms, which included a .223 caliber automatic rifle and a Glock semi-automatic pistol. In connection with this case, the court ordered the forfeiture of more than \$27,500 in U.S. currency, Las Vegas real property, two Kawasaki Jet Skis, 25 wristwatches, 26 women's handbags, 42 pairs of women's shoes, three large screen televisions, a currency counter, and the five firearms.

Bank Julius Baer Agrees to Pay More than \$79 Million for Laundering Money in FIFA Scandal

May 27, 2021, Bank Julius Baer & Co. Ltd. (BJB or the Bank), a Swiss bank with international operations, admitted that it conspired to launder over \$36 million in bribes through the United States to soccer officials with the Fédération Internationale de Football Association (FIFA) and other soccer federations, in furtherance of a scheme in which sports marketing companies bribed soccer officials in exchange for broadcasting rights to soccer matches. The Bank made these admissions and entered into a 3-year deferred prosecution agreement with the department in connection with a criminal information charging the Bank with conspiring to commit money laundering. As part of this agreement, the Bank agreed to pay more than \$79 million in penalties (including a fine of more than \$43 million and forfeiture of more than \$36 million) to resolve the investigation.

Political Donor Sentenced to 12 Years in Prison for Lobbying and Campaign Contribution Crimes, Tax Evasion, and Obstruction of Justice

(see page 23)

MIAMI FIELD OFFICE

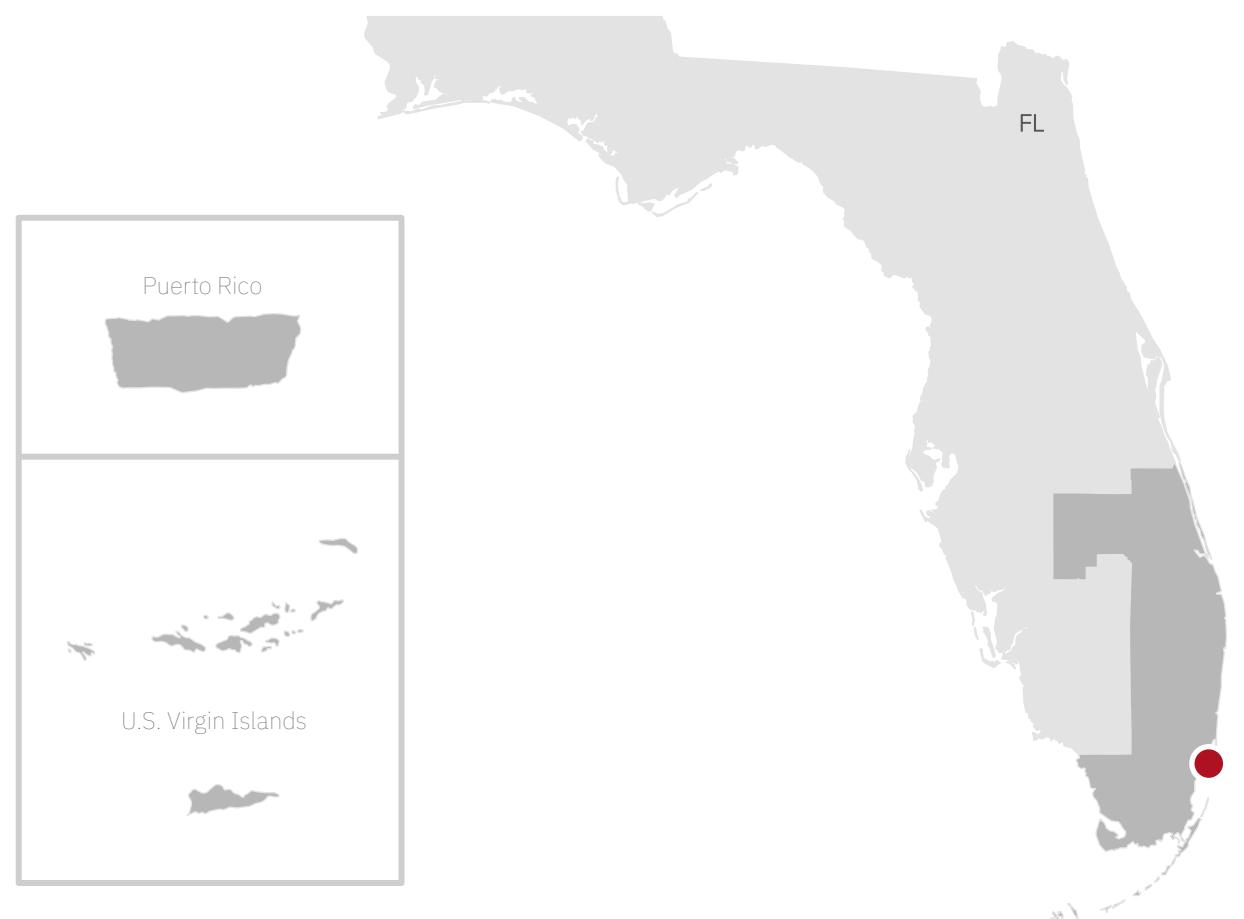
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GUAYNABO, PR
PLANTATION, FL

PORT ST. LUCIE, FL
ST. THOMAS, VI

WEST PALM BEACH, FL

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. The field office works a diverse mix of criminal investigations including violations of tax law, identity theft, return preparer fraud, money laundering, Bank Secrecy Act, cybercrime, political and public corruption, and healthcare fraud. 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.



Florida Tire Importer Sentenced in Tax Conspiracy

February 18, 2021, Marco Parra was sentenced to time served and was ordered to pay restitution of \$249,464. Parra operated Road Tire Plus Corp., a tire importer business, located in Miami, Florida. From 2013 through 2016, Parra conspired with others in the tire industry to evade paying federal excise taxes on truck tires marked for highway use. Tire importers are responsible for excise taxes when their truck tires are sold to tire retailers. The retailers then resell the tires domestically. Tire importers typically pass on the cost of the excise tax to tire retailers and collect the excise taxes from them. However, if the tires are later exported rather than sold domestically, the law provides for a credit for the excise taxes paid. For some retailers, Parra sold truck tires subject to excise taxes. He collected the excise taxes that were due, but he did not remit those taxes to the IRS and did not file tax returns reporting the tire sales as he was required. For others, Parra never collected the federal excise taxes due on the tire sales. Instead, Parra obtained false bills of lading claiming that the tires were exported, so Parra could obtain an excise tax credit, even though he knew the tires were not exported.

Six Family Members Sentenced in Short Sale Mortgage Fraud Scheme

March 22, 2021, Ana Cummings, of Davie, Florida, was sentenced to more than 2 years in prison and was ordered to pay more than \$1.3 million in restitution. Cummings previously pleaded guilty to conspiracy to commit bank fraud. Cummings was the last of six South Florida family members to be sentenced. Cummings and her family members participated in a series of ten fraudulent real estate short sale transactions in South Florida between May 2012 and June 2015. Some family members participated in some, but not all of the transactions. In each short sale transaction, they made materially false statements to a financial institution, which caused the institution approve the short sale. As a result, the financial institutions incurred losses by authorizing property sales for amounts less than the outstanding principal balances due on mortgages they held on the properties. During prior hearings, Cummings's sons, Valentin Pazmino and Rene A. Pazmino, were sentenced to more than 2 years and 1 ½ months in prison, respectively. Her daughter, Grace Pazmino, was sentenced to more than 2 years in prison, and daughter,

Diana Pazmino, was sentenced to nearly 2 years in prison. Her son-in-law, Jared Marble, was sentenced to more than one year in prison. The defendants made a full payment of the restitution judgment prior to their sentencing.

Former Chief Operating Officer Sentenced for Role in Massive Capital Investment Scheme

July 9, 2021, Steven Allen Schwartz, of Delray Beach, Florida, was sentenced to 2 years in prison and was ordered to pay over \$36 million in restitution to the victims of the scheme. Schwartz previously pleaded guilty to conspiracy to commit wire fraud and securities fraud. Schwartz, and others, participated in a sprawling fraud scheme that affected more than 3,600 investors in 42 states. Schwartz was a director and consultant at 1 Global, and also held out as a Chief Operating Officer in the company's marketing materials. 1 Global was a commercial lending business based in Hallandale Beach, Florida. The business made the equivalent of "pay day" loans to small businesses at high interest rates, termed merchant cash advance loans ("MCAs"). In order to attract investments, Schwartz, and others, made false and misleading representations to investors and potential investors as to the profitability of 1 Global's business in marketing materials and periodic account statements.

South Florida Escort Sentenced for Tax Fraud

March 5, 2021, Jami Kopacz was sentenced to nearly 2 years in prison and was ordered to pay \$278,325 in restitution to the IRS. Kopacz, who worked as a male escort, lied to the IRS about his income. Kopacz worked as a paid escort directly with individual clients and as an independent contractor for a private escort company. Kopacz accepted payment for his work through cash, check, wire transfer, and electronic money transfer to JK Trading LLC, a Florida "Subchapter S" corporation that he established in 2015. Kopacz, the sole owner of JK Trading, elected to report the company's income and losses on his personal tax returns. As a result, JK Trading's income, losses, deductions, and credits passed through to Kopacz's individual tax returns, and Kopacz was responsible for paying tax on the company's earnings at the individual, and not the corporate, tax rate. From 2015 to 2018, Kopacz filed false corporate tax returns and personal tax returns by underreporting his total income.

NEWARK FIELD OFFICE

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CHERRY HILL, NJ
EDISON, NJ
FREEHOLD, NJ

MAYS LANDING, NJ
PATERSON, NJ
SPRINGFIELD, NJ
TRENTON, NJ

THE NEWARK FIELD OFFICE is exposed to a wide array of investigations, as the investigative inventory in the field office represents each major program area for IRS-Criminal Investigation. The dedicated agents and professional staff in New Jersey have an excellent working relationship with the U.S. Attorney's Office and all our law enforcement partners that result in many high profile, challenging and diverse investigations.



New Jersey Man Sentenced to Prison for \$2.5 Million Tax Fraud Conspiracy

November 2, 2020, Kenneth Crawford Jr. was sentenced to 6½ years in prison and was ordered to pay more than \$1.3 million in restitution for conspiring to defraud the United States, filing false claims, and obstructing the Internal Revenue laws. Between 2015 and 2016, Crawford and his co-conspirators promoted and sold a "mortgage recovery" tax fraud scheme in which they obtained fraudulent refunds from the IRS for their clients. Crawford promoted the scheme to individuals, who were facing foreclosure or behind on their mortgage payments. He represented to them that they could extinguish their outstanding mortgage debts by filing tax forms with the IRS. As a result of Crawford's scheme, more than \$2.5 million in fraudulent refunds were sought from the IRS, of which the IRS paid out more than \$1.3 million. When the IRS discovered the fraud and attempted to recover the previously issued refunds, Crawford provided clients with false documents to send to the IRS, directed clients to conceal his role in filing the false returns from the IRS, and advised clients to remove funds from bank accounts in their names, in order to thwart IRS collection efforts.

Tax Preparer Sentenced for Conspiracy to Defraud IRS and Preparing False Tax Returns

February 4, 2021, Joseph Kenny Batts, of Elkridge, Maryland, was sentenced to 5 years in prison and was ordered to pay \$1.2 million in restitution to the IRS. Batts was working as a tax preparer in New Jersey. Batts participated in a conspiracy to defraud the IRS by preparing false income tax returns for clients to boost business at tax preparation companies that he and others ran. From at least 2009 to April 2015, Batts was co-owner of Tax Pro's, a tax return preparation and payroll business in Essex County, New Jersey. In order to increase their business, Batts, and others, conspired to falsify their clients' income tax returns for the purpose of generating refunds in amounts that their clients were not entitled to receive. Batts and his conspirators caused a total tax loss to the United States in excess of \$1.6 million.

New Jersey Man Sentenced for \$1.6 Million Tax Evasion Scheme

June 22, 2021, Olger Fallas, of Union, New Jersey, was sentenced to 2½ years in prison and was ordered to pay \$1.68 million in restitution. Fallas owned and operated contracting businesses in Essex County, New Jersey. Fallas filed false tax returns that failed to report all his personal and corporate income. He attempted to hide income from the IRS by using a check cashing business to cash customer payments, which he did not report to

the IRS. Fallas also deposited hundreds of thousands of dollars in customer payments into bank accounts that were not associated with his companies. Fallas evaded paying approximately \$1.7 million in personal and corporate income taxes during the scheme.

New Jersey Man Sentenced for Role in \$7 Million Fraud Scheme and Cross-Country Drug Distribution Scheme

November 6, 2020, Melvin Feliz, of Englewood Cliffs, New Jersey, was sentenced to 14 years in prison and was ordered to pay a forfeiture of \$7.9 million. Feliz used bogus litigation support companies to obtain millions from two law firms, where his wife was a partner. Feliz also participated in a scheme to transport more than 20 kilograms of cocaine from California to New Jersey. Feliz's wife, Keila Ravelo, worked as a partner at a law firm from 2005 through October 2010, at which time, she joined a different law firm. She worked at the second firm through November 2014. During that time, Feliz and Ravelo formed two limited liability companies, Vendor 1 and Vendor 2, that purported to provide litigation support for both firms but provided no actual services. From 2008 through July 2014, Feliz and Ravelo controlled the Vendor 1 and Vendor 2 bank accounts and submitted invoices to both law firms and a client of both firms for work that was never performed. Ravelo, in her capacity as a partner at the law firms, approved the payments. Over the course of the conspiracy, the law firms paid Vendor 1 and Vendor 2 approximately \$7.8 million. Feliz failed to report the income on his tax returns. Ravelo was sentenced to 5 years in prison for her part in the fraud scheme.

Former Financial Advisor Sentenced for Role in \$2 Million Ponzi Scheme Targeting Elderly Investors

April 30, 2021, Daniel Rivera, of Hillsborough, New Jersey, was sentenced to 6½ years in prison and was ordered to pay restitution of \$1.47 million to his victims and \$284,863 to the IRS. Rivera, a former financial advisor, solicited primarily elderly investors to invest their money in a company called Robbins Lane Properties Inc. Rivera represented to investors that Robbins Lane was staffed by experienced real estate professionals who invested in real estate ventures. Rivera promised investors a guaranteed monthly income and claimed the company's rate of return was based on secure real estate investments in the company's portfolio. In reality, Robbins Lane had no employees or real estate portfolio, and the monies used to pay investors as a purported return on their investments were from funds he received from other investors. Rivera also used funds from investors to pay his personal and unrelated business expenses, including paying his child's college tuition and sorority fees.

NEW YORK FIELD OFFICE

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SPECIAL AGENTS AND professional staff in the New York Field Office conduct complex financial investigations in partnership with the most dynamic U.S. Attorney's Offices in the country. This is the largest field office of IRS-Criminal Investigation, with its members serving on virtually every multi-agency task force in a fast-paced environment. This collaboration strengthens our ability to identify emerging threats to taxpayers and the U.S. Treasury, with a laser focus on domestic and international tax evasion. We take action daily to serve our primary mission to maintain integrity and public trust in the federal tax system.



Jamaican Native Sentenced for Fraud

December 3, 2020, Daciann Brown, a Jamaican native residing in Rochester, New York, was sentenced to nearly 4 years in prison and was ordered to pay restitution totaling \$182,139. Brown was previously convicted of failing to appear for sentencing, and, in May 2018, Brown pleaded guilty to wire fraud, false claims, and fraud related to identification documents. Brown purported to be a tax preparer and filed 66 false tax returns on behalf of 44 taxpayers with the IRS. Thirteen of those taxpayers did not know that Brown was filing returns using their personal information. Brown was scheduled to be sentenced on August 28, 2018. However, Brown failed to appear on that date, and an arrest warrant was issued. On June 3, 2020, Brown was arrested by the U.S. Marshal Service.

New York Man Sentenced on Marijuana and Money Laundering Convictions

May 11, 2021, Masood Sharifipour, of Guilderland, New York, was sentenced to 2½ years in prison for his role in a marijuana trafficking and money laundering conspiracy. From December 2013 through June 2017, Sharifipour worked with others to transport at least 100 kilograms of marijuana from California to the Capital Region of New York through various means, including couriers, the U.S. Mail, and private shippers,. Sharifipour sent at least 50 packages containing drug proceeds to co-conspirators in California via the U.S. Mail and private shippers. Sharifipour used postal boxes and residences occupied by himself, or people he knew, for the purpose of receiving shipments of marijuana from his co-conspirators in California. In 2017, law enforcement searches of two of his residences, recovered approximately 46 pounds of marijuana and \$315,000.

Tax Fraud Conspirator Sentenced

December 14, 2020, Joseph E. Carbonara, III, was sentenced to 2 years in prison and was ordered to pay restitution of \$27,813. Carbonara previously pleaded guilty to conspiracy to commit theft of government property, theft of government property, and aggravated identity theft. Carbonara participated in a conspiracy to file fraudulent tax returns. Conspirators mailed U.S. Treasury checks to Carbonara from Guyana. The refund checks were based on fraudulent IRS tax returns filed using the identities of deceased individuals. Carbonara recruited others to assist him in cashing the checks. Carbonara paid a fee to those who helped him deposit the checks. He sent most of the fraud proceeds to his co-conspirators in Montreal, Canada, and he kept approximately 5% of the proceeds for his participation.

Co-conspirators Sentenced in Multi-Million Dollar Investment Fraud Scheme that Victimized Professional Hockey Players and Long Island Investors

November 10, 2020, Tommy Constantine, of Scottsdale, Arizona, was sentenced to 10 years in prison and was ordered to pay restitution of \$5.2 million and a forfeiture money judgment of approximately \$8.5 million. Constantine was also ordered to forfeit all his right, title, and interest in specific assets, including an oceanfront resort in Mexico, real property in Hawaii, and a Falcon 10 jet airplane.

October 5, 2020, co-conspirator Phillip A. Kenner, also of Scottsdale, Arizona, was sentenced to 17 years in prison and was ordered to pay a money judgment of approximately \$17 million. Kenner was also ordered to forfeit all his right, title, and interest in an oceanfront resort in Mexico, real property in Hawaii, and a Falcon 10 jet airplane, among other assets.

The pair conspired to steal millions of dollars in funds raised from Long Island residents and professional athletes intended for investment in land developments in Hawaii and a start-up business in Arizona, among other purposes. Constantine and Kenner siphoned millions of investor dollars into a labyrinth of holding companies, and diverted those dollars from their approved uses into companies, real estate and other ventures – such as Constantine's car racing endeavors – that solely benefited the defendants. Constantine gained access to these investor funds via his relationship with Kenner. Kenner was a collegiate hockey player in upstate New York, and his teammate, Joe Juneau, a future Olympian and National Hockey League star, introduced Kenner to a number of other NHL players as Kenner began his career as a Boston-based financial advisor. Through those early contacts, Kenner developed a roster of clients, including NHL players whose careers and playing earnings blossomed just as they placed more and more trust in Kenner to invest and manage their finances and wealth. Instead, Kenner and Constantine diverted these earnings for their own uses.

OAKLAND FIELD OFFICE

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REDDING, CA

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SAN FRANCISCO, CA
SAN JOSE, CA

SAN RAFAEL, CA
SANTA ROSA, CA

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 California. The judicial districts run from the Sierra's to the west coastline and from Bakersfield to the Oregon border. The field office's top law enforcement priorities are designed to promote tax compliance, address emerging areas of fraud (for example, cybercrimes), and meet the needs of the law enforcement community by supporting national crime initiatives. Criminal Investigation assists in the prosecution of significant financial investigations to generate the maximum deterrent effect, enhance voluntary compliance, and promote public confidence in the tax system.



California Woman Sentenced for International Money Laundering Conspiracy and Tax Fraud

January 28, 2021, Ronda Boone, of Vallejo, California, was sentenced to 5 years in prison and was ordered to pay nearly \$2 million in restitution for a multi-million-dollar tax fraud and money laundering conspiracy. Boone and her husband and co-defendant, Marty Marciano Boone, filed separate false tax returns claiming that they were owed millions of dollars in refunds from the IRS. While the IRS flagged Ronda Boone's tax return as fraudulent and denied her claim, Marty Boone's false return resulted in the IRS paying him over \$1.9 million in a refund check. Marty and Ronda Boone then laundered those funds through domestic and foreign accounts, including by establishing a shell corporation in Cyprus and a church in the state of Washington through which they moved the fraudulently obtained money. On November 14, 2019, Marty Boone was sentenced to more than 7 years in prison for his part in the conspiracy.

California Man Sentenced for Falsely Claiming to Be an Attorney and Defrauding Couple of over \$500,000

April 15, 2021, Derek Bluford, of Sacramento, California, was sentenced to 7 years in prison for wire fraud, money laundering, obstruction of a federal investigation, and making false statements. Bluford told a couple that he was an attorney and could represent them in a dispute they were having with their tenant. After the couple agreed, Bluford then told them that they had incurred numerous fines and court costs, as well as costs to repair their rental unit. He also told them he had negotiated a settlement agreement with the couple's former tenant. Based on these representations, the couple paid Bluford over \$500,000. Bluford, in fact, was not an attorney, and there were no fines or court costs imposed. Bluford laundered the proceeds from his scheme, obstructed a federal investigation, and made false statements to the FBI regarding the investigation.

Former IRS Employee Sentenced for Wire Fraud, Aggravated Identity Theft, and Tax Fraud

December 3, 2020, Marcela Heredia, of Riverside, California, was sentenced to 6 years in prison for a scheme to use stolen identities of at-risk youth to file false tax returns and receive tax refunds. Heredia worked at the Fresno Economic Opportunities Commission's Transitional Living Center. Heredia also worked at the

IRS as a Tax Examiner between 2008 and 2014. While working at the Transitional Living Center, Heredia stole residents' personal identifying information and filed numerous fraudulent tax returns. Heredia directed the refunds for those returns to her personal bank account and spent the refund money on various personal expenses. Heredia failed to report any of the refund money she directed into her account on her 2011 tax return. Many of the residents at the Transitional Living Center, whose personal identifying information Heredia stole in order to file false tax returns, were young, at-risk adults. Many were former foster children, who had aged out of foster care, and many were homeless with nowhere else to go.

Former California State Assemblyman Sentenced for Money Laundering in Fraud Scheme Involving Bart Coffee Shops

February 10, 2021, Terrence Patrick Goggin, of Dunsmuir, California, was sentenced to one year in prison and was ordered to pay \$685,000 in restitution for money laundering. Goggin is a former California State Assemblyman as well as a California-licensed attorney. Goggin was the founder and CEO of Metropolitan Coffee and Concession Company, LLC (MC2). From July 2007 to February 26, 2014, Goggin solicited investor money for MC2 to build Peet's Coffee retail centers, including two centers to be built at the Civic Center and Balboa Park BART stations. Among other investors in the MC2 projects, a group of four private equity investors invested \$585,000 in the Civic Center project in September 2013, and an individual invested \$100,000 in the Balboa Park project, also in September 2013. Goggin falsely represented to these investors that their money would be used to build out those specific future Peet's Coffee retail centers, when, in truth, he planned to use the funds otherwise. He also failed to provide the investors with accurate information about the strained relationship between MC2 and BART and about the state of MC2's finances. Goggin diverted and directed his employees to divert nearly all of the \$685,000 in investment funds to other bank accounts associated with other business ventures, which the investors had neither agreed nor intended to invest.

Two Members of Racketeering Enterprise Sentenced

(see page 24)

PHILADELPHIA FIELD OFFICE

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HARRISBURG, PA

JOHNSTOWN, PA

KING OF PRUSSIA, PA

NEWARK, DE

PITTSBURGH, PA

SCRANTON, PA

THE PHILADELPHIA FIELD OFFICE serves a broad geographic area that includes the entire states of Pennsylvania and Delaware. Within this area of responsibility, the field office also 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 throughout Pennsylvania and Delaware. These include FBI, DEA, HSI, ATF, US Postal Inspection Service (USPIS), US Secret Service (USSS), Department of Labor-Office of Inspector General (DOL-OIG), 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).



Trio Sentenced for Defrauding the Government and Conspiracy to Commit Aggravated Identity Theft

December 9, 2020, Francisco Rodriguez-Polanco, of the Bronx, New York, was sentenced to 4½ years in prison and was ordered to pay \$857,729 in restitution.

March 9, 2021, Marien Torres-Acevedo, of Allentown, Pennsylvania, was sentenced to more than 6 years in prison and was ordered to pay \$857,729 in restitution.

April 1, 2021, Julio Polanco Suarez, of Allentown, Pennsylvania, was sentenced to nearly 6 years in prison and was ordered to pay \$1.1 million in restitution.

Each of the co-conspirators obtained fraudulent U.S. Treasury checks. They stole victims' identities and used those stolen identities to file false tax returns that generated significant refunds. Once they secured the fraudulent U.S. Treasury checks, they cashed the checks at various check cashing businesses. All three are citizens of the Dominican Republic and face deportation at the conclusion of their prison sentences.

Pennsylvania Man Sentenced on Drug and Money Laundering Charges

June 16, 2021, Wesley Cox, also known as "Michael Deshawn Carter," formerly of New Castle, Pennsylvania, was sentenced to more than 15½ years in prison for violating federal narcotics and money laundering laws. Cox participated in a conspiracy to distribute 5 kilograms or more of cocaine and 280 grams or more of a cocaine base, commonly known as crack. Cox also participated in conspiracy to commit money laundering.

Dawara Brothers Sentenced for Arson and Tax Fraud Conspiracy Stemming from February 2018 Old City Fire

June 24, 2021, Imad Dawara, of Swarthmore, Pennsylvania, and Bahaa Dawara, of Woodlyn, Pennsylvania, were both sentenced to 9 years in prison. Both were also ordered to pay more than \$22 million in restitution for conspiracy to commit arson and conspiracy to defraud the United States. The brothers previously pleaded guilty and admitted to planning and causing the arson of their business, RCL Management LLC, in Philadelphia on February 18, 2018, and for evading the assessment of their income tax liabilities from 2015 through 2017. Imad Dawara also admitted to fraud in connection with his receipt of health care and other government benefits. The brothers owned and operated

various restaurants and entertainment establishments in Philadelphia, including a restaurant and hookah lounge. The brothers were struggling in their business on Chestnut Street and had a years-long history of fighting with their landlord. After purchasing a \$750,000 insurance policy providing accidental fire coverage, a fire was intentionally started with gasoline in the basement. The fire destroyed the entire building, displaced approximately 160 people, closed the 200 block of Chestnut Street for months, and closed numerous businesses.

Philadelphia Woman Who Stole Over \$2 Million in Tax Refunds and Committed Real Estate Fraud Sentenced

October 30, 2020, Vontia Jones, of Philadelphia, was sentenced to 8½ years in prison and was ordered to pay \$2.3 million in restitution. Jones designed flyers to solicit customers for her tax services. However, once she obtained their personal identifying information, Jones used the information to file fraudulent tax returns with the IRS. Jones and her co-conspirators filed more than 900 fraudulent returns netting her over \$2.3 million in fraudulent refunds. Jones also engaged in real estate fraud by purporting to sell properties to buyers using fraudulent documents. Jones pleaded guilty in August 2019 to more than 30 fraud charges, including conspiracy to make false claims to the IRS, making, and aiding and abetting the making of false claims to the IRS, wire fraud, and aggravated identity theft.

Pennsylvania Couple Sentenced on Fraud and Tax Charges

June 10, 2021, Stephanie J. Roskovski and Scott A. Roskovski, a married couple, both of Butler, Pennsylvania, were sentenced. Scott Roskovski was sentenced to 2½ years in prison and Stephanie Roskovski was sentenced to more than 4 years in prison. Stephanie Roskovski, while serving as the Chief Operating Officer for Butler Health System (BHS), embezzled more than \$1.3 million from her employer. During that time, Stephanie's husband, Scott Roskovski, was employed as a detective with the Butler County District Attorney's Office. Ironically, he investigated financial crimes including theft and fraud. The couple spent most of the stolen funds on lavish vacations, renovations to their home, and the purchase and operation of a motocross track. The couple failed to report the fraud proceeds as income on their annual income tax returns, which were jointly filed with the IRS. Additionally, after the couple lost their respective jobs, they submitted a materially false bank loan application. The total tax loss to the IRS is approximately \$397,342.

PHOENIX FIELD OFFICE

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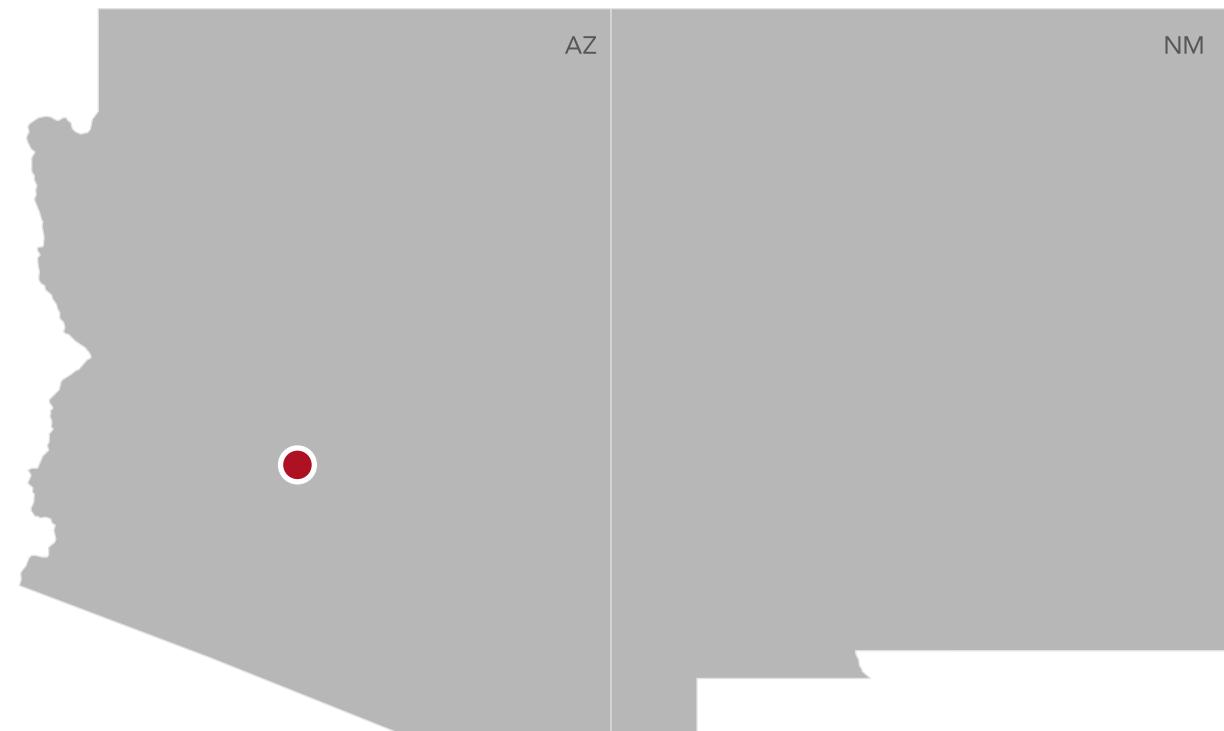
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GLENDALE, AZ

LAS CRUCES, NM
MESA, AZ

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THE PHOENIX FIELD OFFICE covers the southwestern states of Arizona and New Mexico. The office's special agents investigate both legal and illegal source tax crimes, including cases with an international nexus. The office operates a financial crimes task force named DeTECT that identifies and investigates a wide variety of complex financial crimes. Located on the U.S. / Mexico border, the office provides significant participation in the high level Organized Crime Drug Enforcement Task Force (OCDETF).

* The Las Vegas field office merged into the Phoenix field office in July 2020.



Tax Fugitive Sentenced and Fined

March 31, 2021, Kevin Scott Wynn, of Scottsdale, Arizona, was sentenced to nearly 4 years prison and was ordered to pay restitution of more than \$700,000 to the IRS and a fine of \$7,500. In December 2019, Wynn was found guilty by a jury of tax evasion and failure to file tax returns. The sentence included an upward adjustment for obstruction of justice. Wynn withdrew \$1.5 million in cash from his business bank account in thirteen separate transactions in the first several months of 2020. He then cut his ankle monitor and fled Arizona before a scheduled sentencing hearing. Wynn was apprehended by Mexican law enforcement authorities in Mexico City and deported back to the United States.

Tax Preparer Sentenced for Tax Scheme Involving Fake Entities

January 25, 2021, Jana Leigh Meincke, of Maricopa County, Arizona, was sentenced to nearly 2 years in prison and was ordered to pay restitution of more than \$2 million to the IRS. Between 2013 and 2017, Meincke worked as a tax return preparer, doing business at various times under different company names. Meincke was involved in a scheme with others to create fake entities for clients. The scheme included the fabrication of expenses, deductions, and losses for the fake entities to understate or eliminate a client's taxable income. Clients ended up paying far less than their legal share of taxes, and many received large, fraudulent refunds. Meincke earned commissions and fees based on how much she and others fraudulently reduced a client's tax liability.

New Mexico Couple Sentenced in Ayudando Guardians Case

July 15, 2021, Susan K. Harris was sentenced to 47 years in prison. On the same day, her husband, William S. Harris, was sentenced to 15 years in prison. Both will be required to pay back the entire amount of funds stolen as restitution to their victims. The couple, both of Albuquerque, New Mexico, participated in a conspiracy in connection with the operation of Ayudando Guardians, Inc., a non-profit corporation that previously provided guardianship, conservatorship, and financial management to hundreds of people with special needs. Susan Harris acted as president and was the 95-percent owner of Ayudando and William Harris worked as a guardian. They engaged in a pattern of criminal conduct that included

unlawfully transferring money from client accounts for their own personal use. The stolen funds were used to pay for their extravagant lifestyle and expenses incurred by themselves and their families.

Both Susan Harris and William Harris were originally scheduled to be sentenced on March 2, 2020, but they failed to appear for their sentencing hearing. The U.S. Marshals Service arrested them in Shawnee, Oklahoma, on April 15, 2020, after they fled New Mexico.

Arizona Man Sentenced for Drug and Money Laundering Conspiracies

April 19, 2021, in Tucson, Arizona, Juan Randolph Parrado-Herrera was sentenced to 15 years in prison. For a several year period, Parrado-Herrera entered into an agreement with other co-conspirators to possess with intent to distribute methamphetamine, heroin, and cocaine. Parrado-Herrera and others were involved in mailing numerous packages containing the narcotics from Tucson, Arizona, to locations outside Arizona. Parrado-Herrera also conspired with others to launder the proceeds of the narcotic sales by depositing the funds into accounts he controlled. During the conspiracy, Parrado-Herrera laundered over \$250,000 in narcotics proceeds.

Man Sentenced for Laundering Funds from Lottery Fraud Scheme Targeting the Elderly

April 26, 2021, Omar Stephenson, a Jamaican-born man living in Snellville, Georgia, was sentenced to nearly 5 years in prison. Stephenson was also ordered to pay restitution of \$546,637 and to forfeit any property traceable to the fraud. Stephenson is one of four co-defendants, who have been charged in connection with a lottery fraud scheme. Starting in 2015 through mid-2019, Stephenson participated in a scheme where Jamaican-based scammers called elderly victims in the United States, claiming the victims had won a lottery. To receive their winnings, the victims were told they must first pay money for taxes and fees. Stephenson's role in this scheme was to launder the fraudulent proceeds for fellow co-conspirators in Jamaica. The loss suffered by the victims exceeded \$900,000.

SEATTLE FIELD OFFICE

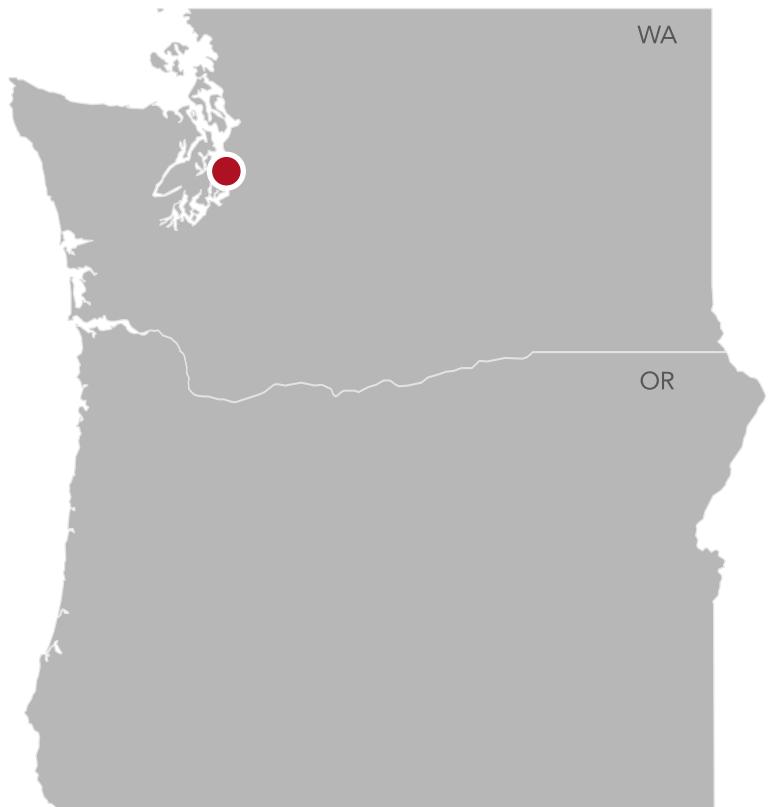
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VANCOUVER, WA

THE SEATTLE FIELD OFFICE covers the states of Alaska, Hawaii, Oregon, and Washington, the U.S. Territory of Guam and the Commonwealth of the Northern Marianas Islands. Planning and collaboration take on added importance when faced with the geographic challenges of seven judicial districts and four time zones. Specific regions within the field office provide opportunities for a diverse case load. Our investigations include domestic and international tax crimes, public corruption, identity theft fraud, cybercrime and drug related financial crimes. The Seattle Field Office (with our respective U.S. Attorney's Offices) plays a pivotal role in combating financial crime in the Western states.



Disgraced Soccer Team Owner Sentenced to Additional Prison Time for Massive Federal and State Tax Fraud

April 9, 2021, Dion L. Earl was sentenced to one year in prison for making false statements on a tax return. Earl was also ordered to pay more than \$1 million in restitution to the U.S., and more than \$600,000 in restitution to the state of Arizona, as a result of fraudulent tax returns. Earl was also ordered to pay Key Bank approximately \$100,000 in restitution for submitting false information for a home equity line of credit. Earl, a former Seattle college soccer star, was serving a nearly 15-year prison sentence for sexual assault in Arizona and a second sexual assault case in King County, Washington, at the time of this sentencing. Earl used his association with car dealers and his businesses to commit tax fraud. He obtained a federal tax refund of \$414,160, due to the false claims he made on his 2012 Form 1040 tax return.. Even after the IRS began a civil audit of his taxes in 2013, Earl continued to make false claims and provide false information to the IRS. In total, Earl sought \$1.6 million in fraudulent tax refunds and was paid more than \$1 million by the IRS.

Hawaiian Man Sentenced for Conspiracy to Commit Tax Fraud

May 27, 2021, Aden Stay was sentenced to more than one year in prison and was ordered to pay more than \$4 million in restitution to the IRS. Aden Stay, along with his father, Robert Stay, operated a construction company in Hawaii. The business was known under various names, including Stay and Sons, Inc., NSC Construction, North Shore Cartel, Stay and Sons Equipment Rental and Service, and North Shore Construction Equipment Services. The father and son pair conspired to commit income tax evasion by concealing funds and income from the IRS. Aden Stay structured cash withdrawals from bank accounts to avoid reporting the cash to the IRS, he submitted false information to the IRS related to an audit, and he submitted a false W-4 form. The pair caused the IRS to fail to collect at least \$3 million in income tax payments. Robert Stay was sentenced in January 2020 to 1½ years in prison and was ordered to pay more than \$4 million in restitution for his part in the conspiracy.

Eastern Oregon Medical Practice Employee Sentenced for Tax Crimes, Bank Fraud

January 5, 2021, Anndrea D. Jacobs was sentenced to 4 years in prison and was ordered to pay more than \$1.2 million in restitution to two former employers, Wells Fargo Bank, and the IRS. Jacobs, the former office manager and bookkeeper for a medical practice in La

Grande, Oregon, defrauded two separate employers and filed false tax returns. Jacobs used her position and access to the medical practice's finances to steal money from the practice and attempted to hide her illicit actions. Without the knowledge or consent of the medical practice owner, she opened a business bank account in his name, deposited a business check payable to the Oregon Department of Revenue into her own personal account, gave the practice owner falsified property tax statements with total due balances of zero, and convinced the practice owner to grant her limited power of attorney to handle the practice's pending IRS tax-collection action. In perhaps her most brazen attempt to conceal her embezzlement activity, Jacobs created a fictitious identity as an IRS Taxpayer Advocate and used this identity to assist the medical practice owner with his IRS tax collection issues.

Former Weyerhaeuser Employee Sentenced for Multi-Million Dollar Fraud Scheme

April 14, 2021, Susan Tranberg, of Eugene, Oregon, was sentenced to nearly 6 years in prison and was ordered to pay more than \$5.3 million in restitution, to include \$775,984 to Weyerhaeuser, \$3,805,223 to the Crime Victims Fund, and \$807,033 to the IRS. Tranberg worked for Weyerhaeuser in Springfield, Oregon, in various positions for more than 40 years. At some point in 2004, Tranberg created a fake timber contract between Weyerhaeuser and a fictitious vendor she named after her mother, who was unaware of the scheme. From 2004 through 2019, Tranberg submitted fraudulent invoices for payment to the fake vendor she created. The vast majority of the money was used to fund a lavish lifestyle of expensive dinners, vacations, six-figure wedding expenses, and shopping sprees. In total, Tranberg defrauded the Weyerhaeuser Company out of more than \$4.5 million.

Anchorage Woman Sentenced for Filing False Income Tax Returns on Behalf of Others

January 21, 2021, Sanh Sunni Thampithak, aka "Allyisia" or "Ally," of Anchorage, Alaska, was sentenced to one year in prison and was ordered to pay restitution of \$348,759. Thampithak filed fraudulent tax returns for the tax years 2015 through 2017. Thampithak routinely misrepresented herself to her clients as a legitimate tax preparer. Thampithak prepared tax returns for the Lao community and others in Anchorage, charging them between \$100 and \$300 per return. She obtained unwarranted refunds for her clients by inflating certain deductions and expenses. Thampithak filed at least 89 fraudulent tax returns.

ST. LOUIS FIELD OFFICE

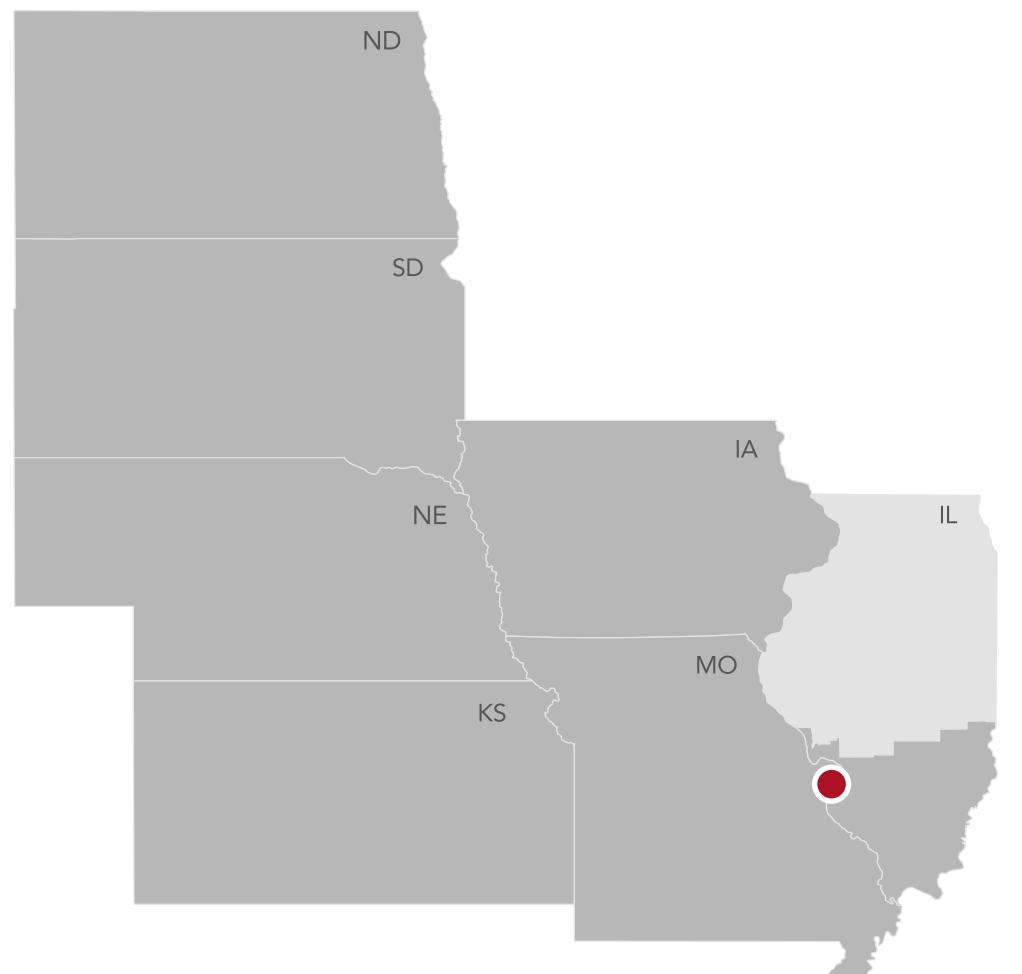
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OMAHA, NE
OVERLAND PARK, KS

RAPID CITY, SD
SIOUX FALLS, SD
SPRINGFIELD, MO
WICHITA, KS

THE ST. LOUIS FIELD OFFICE covers the states of Missouri, Iowa, Kansas, Nebraska, North Dakota, South Dakota, and Southern Illinois which comprises nine judicial districts. We work a diverse mix of criminal investigations across this large geographic area that includes tax evasion, failure to pay employment taxes, return preparer fraud and narcotics. We also hold pivotal roles on the respective U.S Attorney's priority task forces, including cybercrime, financial fraud, Organized Crime Drug Enforcement Task Force (OCDETF), and joint terrorism task forces.



Florida Man Sentenced for Conspiracy to Commit Wire Fraud and Money Laundering

February 22, 2021, Kent Duane Anderson, of Bradenton, Florida, was sentenced to more than 4 years in prison and was ordered to pay more than \$15 million in restitution. Anderson owned and operated a business enterprise that exploited the organic grain market. Anderson purchased thousands of tons of small grain and seed products from non-organic suppliers and then re-sold those products as "organic" to wholesale distributors, brokers, and other buyers at marked-up prices. The buyers, who believed the grain they purchased was organic, were defrauded. Anderson carried out his fraud through a group of inter-related business entities formed in South Dakota, which he directed and controlled.

Kansas Man Sentenced for \$7.3 Million Dollar Payday Loan Fraud, \$8 Million Tax Evasion

July 13, 2021, Joel Jerome Tucker, of Prairie Village, Kansas, was sentenced to 12½ years in prison and was ordered to pay more than \$8 million in restitution to the IRS. Tucker was also ordered to forfeit \$5,000 to the government. Tucker engaged in two separate fraud schemes related to millions of dollars in false payday loan debt and for tax evasion totaling more than \$8 million. Tucker previously pleaded guilty to transporting stolen money across state lines as part of the debt fraud scheme, bankruptcy fraud, and tax evasion.

For the tax years 2014 through 2016, Tucker did not file tax returns for himself or any of his business entities. Tucker told IRS agents that he had no income and was living on borrowed money, including a lot of borrowed money from his mother. In reality, the bank accounts showed that Tucker sent money to his mother rather than borrowing money from her. Tucker used nominee bank accounts to conceal income and assets and spent hundreds of thousands of dollars in personal living expenses, such as vehicles, chartered jets, travel and entertainment, and a personal residence.

Missouri Man Sentenced for Conspiracy to Distribute More Than 2,000 Kilos of Cocaine

April 20, 2021, Howard Christopher Walters, of Lee's Summit, Missouri, was sentenced to 25 years in prison and was ordered to forfeit \$976,862 to the government,

which represents the profit he made from the sale of illegal drugs. Walters had a leadership role in a multi-million-dollar conspiracy that distributed more than 2,000 kilograms of cocaine in the metropolitan area.

Walters previously pleaded guilty to participating in a drug-trafficking conspiracy and a money laundering conspiracy from October 2013 to November 2018.

Walters directly distributed approximately 25 kilograms of cocaine during his involvement in the conspiracy and he sold more than 1,421 kilograms of marijuana. His wife, Nina Walters, was previously sentenced to a year in prison for her role in the money-laundering conspiracy.

Illinois Business Owner Sentenced for Payroll Tax Fraud

August 18, 2021, Gary Hunsche, of Troy, Illinois, was sentenced to 4 years in prison for willfully failing to pay millions of dollars in employment taxes to the IRS. Hunsche owned and operated the staffing companies Unique Risk Management and Unique Personal Consultants, which were based in Troy, Illinois. The businesses employed thousands of employees, who were then leased to clients as temporary workers. Between 2011 and 2016, Hunsche withheld federal income taxes, Social Security taxes, and Medicare taxes from his employees' paychecks but never paid them over to the IRS, resulting in a loss to the United States of more than \$9.4 million. Hunsche used approximately \$4 million in unpaid payroll taxes for improvements to his personal residence, located on 41 acres in Troy. The improvements included an indoor basketball court, a barn, a lake, and partial construction of a home with a swimming pool.

Unregistered St. Louis Tax Preparer Sentenced for Tax Fraud

June 17, 2021, Lakisha Smith was sentenced to nearly 3 years in prison and was ordered to pay \$10,416 in restitution to the IRS. Smith previously pleaded guilty to two counts of tax fraud. From 2013 to 2016, Smith prepared approximately 28 fraudulent tax returns for her clients. She prepared the false returns to generate larger tax refunds for her clients. Smith typically received cash payments of up to \$2,500 from the false refunds paid to her customers. Smith was not registered with the IRS as a return preparer.

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THE TAMPA FIELD OFFICE covers the middle and northern judicial districts of Florida. The field office has nine posts-of-duty with agents working a diverse mix of criminal investigations across a large geographic area. Our agents embrace traditional tax cases as well as money laundering involving narcotics, terrorist financing and other local compliance issues. The Tampa Field Office benefits from well-established partnerships with other law enforcement agencies and has excellent working relationships with both United States Attorney's Offices.



Lawyer Sentenced for Role in Fraud Scheme

November 19, 2020, Joseph S. Anile, II was sentenced to 10 years in prison for conspiracy to commit wire fraud and mail fraud, money laundering, and filing a false income tax return. Anile was also ordered to pay a money judgment of more than \$3.2 million, which represents the proceeds of the fraud. Additionally, Anile was ordered to forfeit his interest in multiple pieces of real property, including a luxury residence in Sarasota, high-end vehicles, currency, gold coins, and silver bars, which are traceable to proceeds of the fraud. From November 2011 through April 18, 2019, Anile conspired with others to commit wire fraud and mail fraud. Through false and fraudulent representations and material omissions, the conspirators persuaded at least 700 victims to invest more than \$72 million in a foreign exchange market ("FOREX") fraud known as Oasis International Group. Anile, a licensed attorney, created offshore entities, secured broker-dealer licenses, drafted promissory notes and disclosures, monitored incoming wire transactions, directed outgoing wire transactions, and interacted with victim-investors to help carry out the scheme. The conspirators also developed and administered a "back office" operation—a secure website that falsely and fraudulently depicted account balances and earnings—to convince victim-investors that their principal balances were safe and that their investments were performing. In fact, the conspirators used only a portion of the victim-investors' funds for FOREX trading, which resulted in catastrophic losses that were concealed from the victim-investors. They used the balance of the victim-investors' funds to make payments toward expenses associated with perpetuating the scheme, as well as for their personal enrichment. The conspirators purchased million-dollar residential properties, high-end vehicles, gold, silver and other liquid assets, funded their lavish lifestyles, and used the funds for the personal enrichment of their family members and friends. Anile used fraud proceeds to purchase other assets, including a Ferrari California T convertible. Anile did not report the victim-investors' funds he received on his federal income tax returns.

Florida Man Sentenced for Payroll Tax Scheme and Evasion Workers' Compensation Requirements

May 10, 2021, Gregorio Jose Fuentes-Zelaya, of Orlando, Florida, was sentenced to nearly 3 years in prison for conspiracy to commit wire fraud and conspiracy to commit tax fraud. Fuentes-Zelaya was also ordered to pay more than \$5.7 million in restitution to the IRS and \$68,073 to an insurance company. Additionally, Fuentes-Zelaya was ordered to forfeit his interest in \$230,764 that was seized from two bank accounts, and

he was ordered to pay a money judgment of more than \$1.3 million, which represented the proceeds of the wire fraud. Fuentes-Zelaya established shell companies that purported to be involved in the construction industry. He or his co-conspirators obtained workers' compensation insurance policies in the name of the shell companies to cover a minimal payroll for a few purported employees. The conspirators then "rented" the workers' compensation insurance to work crews that had obtained subcontracts with construction contractors on projects in various Florida counties. During the period of the scheme, the conspirators cashed payroll checks totaling more than \$22 million, with their fees totaling more than \$1.3 million. Neither the shell companies nor the contractors reported the wages that were paid to the workers, nor did they pay either the employees' or the employers' portion of payroll taxes – including Social Security, Medicare, and withheld federal income tax. The amount of payroll taxes due on wages of \$22 million was \$5.7 million. The scheme also facilitated the avoidance of the higher cost of obtaining adequate workers' compensation insurance.

Florida Man Sentenced for Tax Fraud

February 18, 2021, Douglas V. Oakes, of Lake County, Florida, was sentenced to 2½ years in prison for tax evasion. Oakes tried to evade and defeat the payment of federal income taxes that he owed for the tax years 2002 through 2005. In August 2015, after the IRS initiated collection actions, Oakes submitted a signed statement to the IRS in which he made false representations. In fact, at that time, Oakes was working for Dealerindustry.com, LLC ("DI") d/b/a Automotive Capital Corporation, a company in which he had a significant financial interest and from which he was earning approximately \$400,000 per year. To conceal from the IRS his financial interest in DI, Oakes registered his daughters as DI's managing members with the Florida Department of State, removed his name from DI's website and bank account, and removed his profile from the website LinkedIn. In addition, Oakes submitted a sham rent agreement to the IRS regarding his lakefront home, and, when he purchased a new beachfront home, he did so in the name of a nominee. In July 2017, Oakes caused posthumous tax returns to be prepared for his deceased daughter, in which DI's income from 2010 through 2015 was falsely claimed to be entirely his deceased daughter's income. In fact, between 2010 and 2015, Oakes earned approximately \$2.2 million in income from DI. The total tax loss to the United States in this case was \$1,112,651.

Conspirators Sentenced in Connection with Consumer Fraud Schemes

(see page 24)

WASHINGTON D.C. FIELD OFFICE

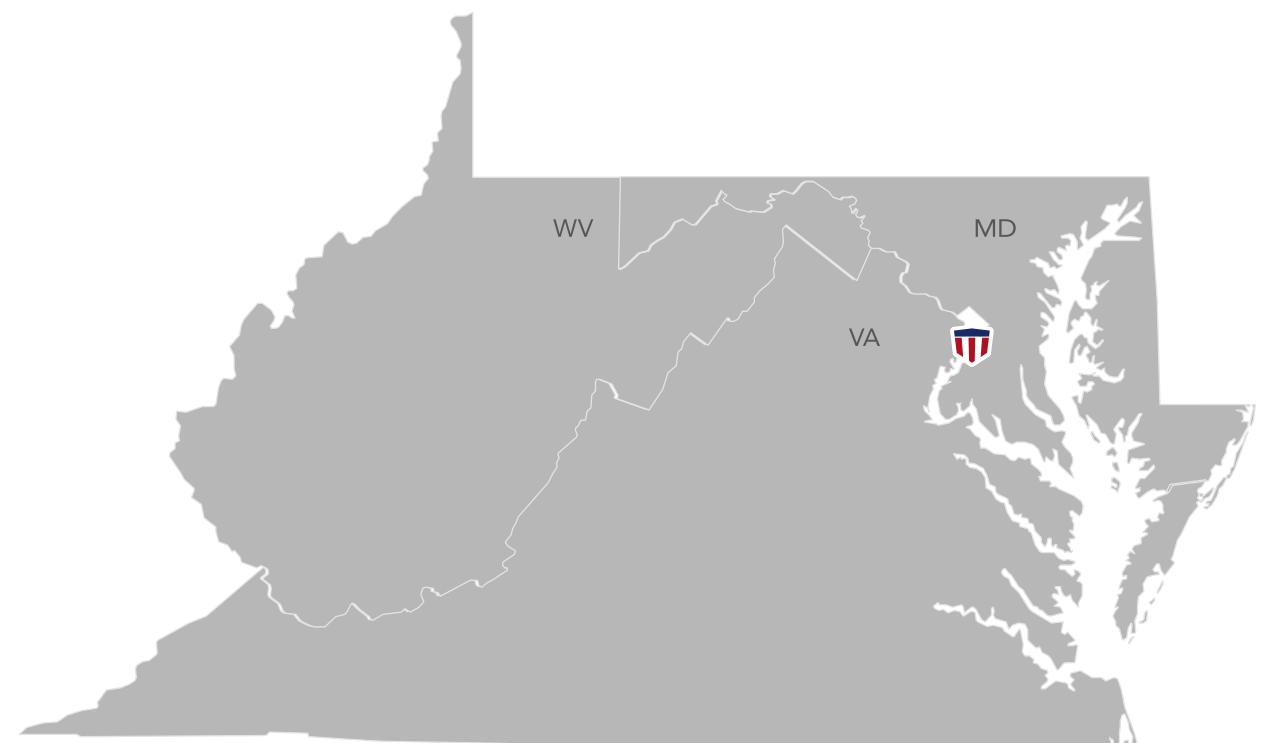
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THE WASHINGTON D.C. FIELD OFFICE is home to groups located in Washington, D.C., Maryland, Virginia and West Virginia. Serving six judicial districts, the field office is comprised of a dedicated group of professional staff and CI special agents who work a wide array of significant investigations. The diverse geographical location 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, among many others. The field office also includes the Global Illicit Financial Crimes Group, the Cybercrimes Unit, the Alcohol and Tobacco Tax and Trade Bureau Group, and the International Tax and Financial Crimes Group. The field office enjoys outstanding relationships with the U.S. Attorney's Offices it serves, as well as other law enforcement agencies throughout the region.



Cryptocurrency Fraudster Sentenced for Money Laundering and Securities Fraud in Multi-Million Dollar Investment Scheme

July 8, 2021, Roger Nils-Jonas Karlsson was sentenced to 15 years in prison for securities fraud, wire fraud, and money laundering. Karlsson was ordered to forfeit a Thai resort and various other properties and accounts, and he was issued a money judgment exceeding \$16 million. Additionally, the United States is seeking restitution on behalf of Karlsson's victims. Karlsson ran an investment fraud scheme from 2011 until his arrest in Thailand in June 2019. Karlsson induced victims to purchase shares in the scheme called "Eastern Metal Securities" using cryptocurrency, such as bitcoin and other online payment platforms. Karlsson promised victims astronomical returns tied to the price of gold. Instead, the funds provided by victims were transferred to Karlsson's personal bank accounts and then used to purchase expensive homes, a racehorse, and a resort in Thailand.

Former Maryland Tax Preparer Sentenced for Tax Fraud Conspiracy

June 4, 2021, Anita Fortune, of Alexandria, Virginia, was sentenced to 2½ years in prison and was ordered to pay \$189,748 in restitution. Fortune, who was ineligible to e-file tax returns to the IRS due to a 2007 wire fraud conviction, continued to prepare and file returns using IRS e-filing credentials belonging to co-conspirators. The co-conspirators allowed Fortune to use their e-filing credentials in exchange for fees and office space. Fortune and her co-conspirators falsified tax returns for their clients, which artificially lowered the taxes the clients owed to the IRS and inflated their refunds.

Business Owner Sentenced for Evading Taxes on Millions in Secret Offshore Bank Accounts

May 14, 2021, Dusko Bruer, of Palm Beach County, Florida, was sentenced to 2 years in prison and was ordered to pay more than \$2.7 million in restitution to the United States. Bruer was convicted of failing to report his foreign financial accounts from 2006 through 2015 and willfully evading the assessment of millions in taxes from 2007 through 2014. From 2003 through 2009, Bruer owned and operated a company that bought U.S.-made agricultural machinery and parts and sold them throughout the world. Despite success, Bruer's company did not file employment or corporate tax returns, nor did the company pay employment or income taxes. Furthermore, from 2003 forward, the company never paid Bruer a salary. Instead, Bruer directed millions of dollars from the company's bank accounts to pay his personal expenses, to make foreign investments, and to

transfer funds to family members. From 2006 through at least 2015, Bruer owned and controlled bank accounts held at financial institutions in Croatia, Germany, Serbia, and Switzerland, which he did not report. Bruer used these accounts to conceal his income. In total, between 2007 and 2014, Bruer did not report more than \$7.7 million in income, nor did he pay the \$2.7 million in taxes due. He used his unreported offshore accounts to fund his lifestyle, including the purchase of foreign property, a \$1.3 million yacht, and \$1.6 million home in Lake Worth, Florida.

West Virginia Woman Sentenced for Embezzling Nearly \$350,000

February 2, 2021, Cindy Shearer, of Wheeling, West Virginia, was sentenced to nearly 2 years in prison for embezzling nearly \$350,000 from her previous employers. From April 2013 until the end of 2019, Shearer was employed as the office manager by Cane Business Forms & Systems and later reorganized as Precision Printed Products, a printing company in Triadelphia, West Virginia. Shearer wrote checks totaling \$276,892 from Cane Business Forms & Systems and \$67,672 from Precision Printed Products to herself, but she listed the checks as paid to a legitimate vendor in the companies' books and records. She then cashed or deposited the checks into her own bank account. Shearer failed to report the embezzled money on her personal taxes, defrauding the IRS of approximately \$54,509. Shearer was ordered to pay restitution to both business owners and restitution to the IRS that totals \$399,074.

Virginia Woman Sentenced in \$499,000 Unemployment Fraud Scheme

June 11, 2021, Leelynn Danielle Chytka, of Russell County, Virginia, was sentenced to 9 years in prison and was ordered to pay \$455,930 in restitution. Chytka led a conspiracy to commit fraud against the United States in connection with a scheme involving the filing of fraudulent claims for pandemic-related unemployment benefits. Chytka and others conspired to collect personal identification information of more than 35 co-conspirators, including 15 inmates in the custody of the Virginia Department of Corrections, and to file fraudulent claims. Over the course of nine months, Chytka filed fraudulent claims for at least 37 individuals, with a total loss to the United States of at least \$499,000.

Pennsylvania Biofuel Company and Owners Sentenced on Environmental and Tax Crime Convictions Arising out of Renewable Fuels Fraud

(see page 25)

Appendix

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

FY 2021 Combined Results			
	2021	2020	2019
Investigations Initiated	2581	2596	2485
Prosecution Recommendations	1982	1859	1893
Informations/ Indictments	1856	1512	1800
Sentenced	1268	1226	1726
Incarceration Rate	78%	80%	79%
Average Months to Serve	43	44	43

Abusive Return Preparer Program			
	2021	2020	2019
Investigations Initiated	145	140	163
Prosecution Recommendations	90	145	203
Informations/ Indictments	110	128	138
Sentenced	111	112	154
Incarceration Rate	77%	80%	78%
Average Months to Serve	16	21	24

Abusive Tax Schemes			
	2021	2020	2019
Investigations Initiated	65	109	69
Prosecution Recommendations	38	45	45
Informations/ Indictments	41	26	25
Sentenced	23	26	34
Incarceration Rate	48%	85%	71%
Average Months to Serve	13	32	31

Bank Secrecy Act (BSA)			
	2021	2020	2019
Investigations Initiated	473	489	424
Prosecution Recommendations	389	345	285
Informations/ Indictments	346	253	268
Sentenced	248	226	287
Incarceration Rate	76%	75%	76%
Average Months to Serve	41	34	34

Corporate Fraud			
	2021	2020	2019
Investigations Initiated	40	55	57
Prosecution Recommendations	22	48	32
Informations/ Indictments	27	38	32
Sentenced	31	21	57
Incarceration Rate	84%	76%	72%
Average Months to Serve	32	23	25

Employment Tax			
	2021	2020	2019
Investigations Initiated	215	298	250
Prosecution Recommendations	170	151	104
Informations/ Indictments	111	67	73
Sentenced	67	52	50
Incarceration Rate	81%	83%	84%
Average Months to Serve	22	18	23

Financial Institution Fraud			
	2021	2020	2019
Investigations Initiated	61	50	37
Prosecution Recommendations	50	33	26
Informations/ Indictments	49	22	24
Sentenced	21	21	33
Incarceration Rate	71%	86%	79%
Average Months to Serve	43	44	35

Healthcare Fraud			
	2021	2020	2019
Investigations Initiated	61	69	67
Prosecution Recommendations	55	63	71
Informations/ Indictments	57	63	70
Sentenced	52	46	48
Incarceration Rate	79%	89%	83%
Average Months to Serve	42	58	54

Appendix

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

Identity Theft

	2021	2020	2019
Investigations Initiated	145	124	93
Prosecution Recommendations	111	100	137
Informations/ Indictments	146	106	177
Sentenced	112	108	226
Incarceration Rate	82%	82%	81%
Average Months to Serve	34	37	39

International Operations

	2021	2020	2019
Investigations Initiated	172	242	214
Prosecution Recommendations	181	213	185
Informations/ Indictments	180	180	190
Sentenced	111	138	149
Incarceration Rate	79%	77%	85%
Average Months to Serve	46	47	57

Money Laundering

	2021	2020	2019
Investigations Initiated	1050	838	856
Prosecution Recommendations	934	745	780
Informations/ Indictments	800	650	706
Sentenced	383	379	508
Incarceration Rate	84%	83%	87%
Average Months to Serve	75	66	74

Narcotics

	2021	2020	2019
Investigations Initiated	661	587	636
Prosecution Recommendations	646	513	558
Informations/ Indictments	578	463	511
Sentenced	322	336	472
Incarceration Rate	82%	82%	85%
Average Months to Serve	84	78	79

Non-Filer

	2021	2020	2019
Investigations Initiated	243	279	271
Prosecution Recommendations	137	146	128
Informations/ Indictments	128	96	114
Sentenced	88	80	111
Incarceration Rate	80%	83%	78%
Average Months to Serve	35	36	26

Public Corruption

	2021	2020	2019
Investigations Initiated	51	73	73
Prosecution Recommendations	38	63	58
Informations/ Indictments	52	51	67
Sentenced	27	40	59
Incarceration Rate	78%	68%	81%
Average Months to Serve	24	21	36

Questionable Refund Program

	2021	2020	2019
Investigations Initiated	69	70	65
Prosecution Recommendations	49	81	94
Informations/ Indictments	56	75	151
Sentenced	95	107	204
Incarceration Rate	80%	80%	76%
Average Months to Serve	27	30	31

Terrorism

	2021	2020	2019
Investigations Initiated	26	41	30
Prosecution Recommendations	9	41	18
Informations/ Indictments	13	22	20
Sentenced	10	15	14
Incarceration Rate	70%	53%	86%
Average Months to Serve	7	51	52

