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United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

KOLAN L. DAVIS, *Chief Counsel and Staff Director*

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March 21, 2016

VIA ELECTRONIC TRANSMISSION

Sally Quillian Yates
Deputy Attorney General
Department of Justice
950 Pennsylvania Avenue, NW
Washington, D.C. 20530

Dear Deputy Attorney General Yates:

As we are less than one month away from our nation's annual "Tax Day" on April 18, 2016, I write regarding the troubling trend of Internal Revenue Service ("IRS") impersonation scams. As I know you are aware, the Treasury Inspector General for Tax Administration ("TIGTA") has stated that the IRS impersonation scam is "the largest, most pervasive impersonation scam in the history of [the] agency."¹ TIGTA further reported that Americans submit up to 14,000 complaints about these IRS impersonation scams *every week*.² According to news reports, scammers particularly target our nation's seniors "because they're home, they'll answer the phone and they often have the money to pay."³ This is a serious issue that demands a strong response.

I understand that the Department of Justice, specifically the Tax Division, exercises jurisdiction over potential criminal tax-related offenses, including IRS impersonation scams, and that it receives such referrals from Internal Revenue Service Criminal Investigation ("IRS-CI"). I also understand that the Tax Division makes the final determination of whether to authorize a grand jury investigation or prosecution of these offenses.

Robust federal prosecution serves a critical role in deterring unlawful activities. Despite the scope and prevalence of the IRS impersonation scam,⁴ however, the Department of Justice to date has prosecuted a very limited number of individuals for conduct related to these scams.

¹ Hearing before the Senate Committee of Appropriations Subcommittee on Financial Services and General Government, "Statement of the Honorable J. Russell George, Treasury Inspector General for Tax Administration," 12 (March 8, 2016) *available at* <http://1.usa.gov/1nSiYbx>.

² *Id.*

³ Herb Weisbaum, *Senate Probes IRS Impersonation Scams*, NBC NEWS, <http://cnb.cx/22oLZOW> (last visited March 18, 2016).

⁴ See "Statement of the Honorable J. Russell George," at 12. "As of February 22, 2016, over 5,400 individuals have reported to TIGTA they have been victimized by this scam by paying close to \$29 million, averaging over \$5,300 per victim."

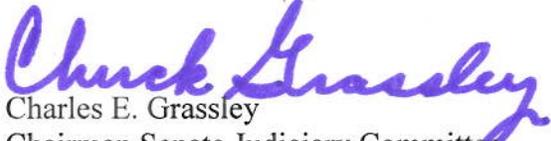
Given the Justice Department's duty to oversee these cases, and the Tax Division's Criminal Enforcement Section's particular expertise in "investigating, prosecuting, and evaluating complex financial crime cases,"⁵ I request that you provide me with the following information by no later than April 11, 2016:

1. How many investigations pertaining to IRS impersonation scams have been referred to, or received by, the Justice Department since January 1, 2013?
2. What is the current number of individuals who have been federally prosecuted for conduct related to IRS impersonation scams since January 1, 2013?
3. Given the scope and prevalence of the IRS impersonation scam, why have these prosecutions not been a greater priority for the Justice Department?
4. According to the IRS website, "Perpetrators of illegal scams can face significant penalties and interest and possible criminal prosecution. IRS-CI works closely with the Department of Justice to shut down scams and prosecute the criminals behind them." Accordingly:
 - a) Is the current collaboration between DOJ and IRS adequate to investigate and prosecute individuals committing IRS impersonation scams? Please explain.
 - b) In what specific ways could your enforcement effort be improved to ensure that the Department has the information, tools, and legal authority necessary to address such scams?
5. Does the Justice Department have a comprehensive plan to combat and deter IRS impersonation scams? Please explain.
6. What specific resources are being dedicated by the Justice Department to the investigation and prosecution of these scams?
7. What specific strategies, including, but not limited to, collaborations with other agencies, has the Justice Department pursued to defend seniors from this fraudulent conduct?
8. What innovative tactics does the Justice Department intend to adopt to turn the tide against these rampant and evolving IRS impersonation scams?

⁵ *About the Tax Division*, DEPARTMENT OF JUSTICE, <https://www.justice.gov/tax/about-division> (lasted visited March 18, 2016).

I look forward to receiving your prompt response to these questions. This is a critical issue for all Americans. We must protect the taxpayers and guard the public's hard-earned money. If you have questions, please contact Kyle McCollum of my Committee Staff at (202) 224-5225.

Sincerely,


Charles E. Grassley
Chairman Senate Judiciary Committee

cc: Caroline D. Ciralo
Acting Assistant Attorney General
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