



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

25.1.1

APRIL 22, 2021

EFFECTIVE DATE

(04-22-2021)

PURPOSE

- (1) This transmits revised IRM 25.1.1, Fraud Handbook, Overview/Definitions.

MATERIAL CHANGES

- (1) IRM 25.1.1.1- Added new subsection, Program Scope and Objectives, to provide internal controls information. Subsections added under Program Scope and Objectives include Background; Authority; Roles and Responsibilities; Program Management and Review; Program Controls; Acronyms; Terms; and Related Resources. Also rearranged existing IRM content to place information involving internal controls under this subsection. The addition of this subsection renumbered existing subsections.
- (2) IRM 25.1.1.6 - Records retention requirements were changed.
- (3) IRM 25.1.1.6(2)(a) - Clarified guidance regarding Fraud Enforcement Advisors (FEAs) closing cases within the Office of Fraud Enforcement's inventory System when FEA involvement is concluded.
- (4) IRM 25.1.1.6(2)(a) - Added decision points for cases to be closed off the FEA inventory system.
- (5) Editorial changes were made throughout the IRM; website links and program names were updated. All references to Fraud Technical Advisor (FTA) were replaced with Fraud Enforcement Advisor (FEA).

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 25.1.1, dated January 23, 2014.

AUDIENCE

Criminal Investigation (CI), Large Business & International (LB&I), Small Business/Self-Employed (SB/SE), Tax Exempt/Government Entities (TE/GE), Wage and Investment (W&I), and Counsel.

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Office of Fraud Enforcement, SB/SE

25.1.1

Overview/Definitions

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- 25.1.1.1
(04-22-2021)
Program Scope and Objectives
- (1) The mission of the OFE is to promote compliance by strengthening the IRS' response to fraud and by mitigating emerging threats. This includes:
 - Improving fraud detection and development to address areas of high fraud/risk noncompliance
 - Cultivating internal and external partnerships to identify new treatment streams to enhance enforcement
 - Pursuing civil fraud penalties and recommending criminal cases that will lead to prosecutions, where appropriate
 - (2) **Purpose.** This IRM section provides direction and guidance for IRS employees servicewide when working potential fraud cases.
 - (3) **Audience.** This handbook is a comprehensive guide for IRS employees servicewide in the recognition and development of potential fraud issues; referrals for criminal fraud; duties and responsibilities in joint investigations; civil fraud cases; and other related fraud issues.
 - (4) **Policy Owner.** Director, Office of Fraud Enforcement (OFE), SB/SE.
 - (5) **Program Owner.** Office of Fraud Enforcement, Policy, SB/SE.
 - (6) **Primary Stakeholders.** Employees in IRS compliance employees and the OFE.
- 25.1.1.1.1
(04-22-2021)
Background
- (1) This IRM section provides an overview of fraud, defines the elements of fraud, and provides information for potential fraud examinations and procedures that examiners should understand and apply in the performance of their duties.
- 25.1.1.1.2
(04-22-2021)
Authority
- (1) By law, the IRS has the authority to conduct examinations under Title 26, Internal Revenue Code Subtitle F – Procedure and Administration, Chapter 78, Discovery of Liability and Enforcement of Title, Subchapter A, Examination and Inspection.
- 25.1.1.1.3
(04-22-2021)
Roles and Responsibilities
- (1) The Director, Office of Fraud Enforcement, is the executive responsible for providing fraud policy and guidance for civil compliance employees and ensuring consistent application of polices and procedures in this IRM.
 - (2) The Fraud Enforcement Advisor (FEA) serves as a resource and liaison to compliance employees in all operating divisions. The FEA is available to assist in fraud investigations and offer advice on matters concerning tax fraud.
 - (3) Employees who work potential fraud cases are responsible for following the procedures in this IRM. All examiners and their managers working potential fraud cases should familiarize themselves with the information contained in this IRM.
- 25.1.1.1.4
(04-22-2021)
Program Management and Review
- (1) The Office of Fraud Enforcement Policy Staff prepares and issues the following reports to Servicewide customers:
 - Three-year reports prepared using Fraud Information Tracking System (FITS) data
 - Status 17 reports using Audit Information Management System (AIMS) or AIMS Centralized Information System (ACIS) data

- (2) OFE Policy staff can create reports by area, territory or group. These reports help manage fraud inventory and provide review information for managerial use:
 - Cases on FITS but not on AIMS or ACIS
 - Cases on AIMS or ACIS but not on FITS
 - Cases in fraud development status
 - Cases in criminal fraud status
- (3) Ad-hoc reports are produced as requested by OFE customers.
- (4) Operational reviews of the FEA group managers are completed by the OFE program manager twice a year. These reviews measure program consistency, effectiveness in case actions, and compliance with fraud policy and procedures.
- (5) FEA managers utilize reports generated from FITS to monitor and track FEA inventory assignments.

25.1.1.1.5
(04-22-2021)

Program Controls

- (1) FEA managers verify program and procedural compliance by conducting case consultations, case reviews, performance reviews, and security reviews with all FEAs.
- (2) FEAs are required to follow-up on all cases in fraud development status at least every 60 days as required by IRM 25.1.2.2(5)(e), Fraud Development Procedures.
- (3) FEAs are required to monitor accepted criminal referrals each quarter to ensure that CI and compliance are holding productive quarterly meetings as required under IRM 25.1.4.4.3, Required Communications.

25.1.1.1.6
(04-22-2021)

Acronyms and Codes

- (1) The following table defines acronyms commonly used throughout this IRM:

Acronym	Definition
ACS	Automated Collection System
ACIS	AIMS Centralized Information System
ACTC	Additional Child Tax Credit
AIMS	Audit Information Management System
AIS	Automated Insolvency System
AOIC	Automated Offer in Compromise
AOTC	American Opportunity Tax Credit
ASED	Assessment Statute Expiration Date
ATFR	Automated Trust Fund Recovery
AUSA	Assistant U.S. Attorney
BMF	Business Master File
BSA	Bank Secrecy Act
CCFC	Collection Campus Fraud Coordinator
CCP	Centralized Case Processing
CFC	Campus Fraud Coordinator
CFFC	Collection Functional Fraud Coordinator
CI	Criminal Investigation
COIC	Centralized Offer In Compromise
COP	Conditions of Probation
CSCO	Compliance Services Collection Operations
CTC	Child Tax Credit
CTR	Currency Transaction Report
DEL RET	Delinquent Return
ECS	Exam Case Selection
EFC	Examination Fraud Coordinator
EITC	Earned Income Tax Credit
EPR	Examination Planning and Review
ERCS	Examination Returns Control System
FBAR	Foreign Bank and Financial Accounts
FCQ	FinCEN Query
FEA	Fraud Enforcement Advisor
FFC	Functional Fraud Coordinator
FFTF	Fraudulent Failure to File penalty
FinCEN	Financial Crimes Enforcement Network
FIRM	Fraudulent Intent Referral Memorandum

Acronym	Definition
GM	group manager
ICS	Integrated Collection System
IDRS	Integrated Data Retrieval System
IMF	Individual Master File
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
IRP	Information Return Processing
IRS	Internal Revenue Service
LB&I	Large Business & International
ODC	Other Dependent Credit
OFE	Office of Fraud Enforcement
OIC	Offer in Compromise
PII	Personally Identifiable Information
PSP	Planning and Special Programs
RA	revenue agent
RAR	Revenue Agent's Report
RICS	Return Integrity and Compliance Services
RO	revenue officer
SA	Special Agent
SAC	Special Agent in Charge
SAR	Special Agent's Report or Suspicious Activity Report
SB/SE	Small Business/Self Employed
SOL	Statute of Limitation
SSA	Supervisory Special Agent
TBOR	Taxpayer Bill of Rights
TE/GE	Tax Exempt/Government Entities
TM	territory manager
TP	taxpayer
TS	Technical Services
W&I	Wage & Investment

25.1.1.1.7
(04-22-2021)
Terms

- (1) Compliance employees must be familiar with the following legal terms to understand the requirements of proof. The following table defines terms commonly used throughout this IRM:

Term	Definition
Burden of Proof	The obligation to offer evidence that a court (judge or jury) could reasonably believe in support of a contention. In tax fraud cases, the burden of proof is on the government.
Circumstantial Evidence	Evidence based on inference and not personal observation.
Clear and Convincing Evidence	Evidence showing that the assertion made is highly probable or reasonably certain. This is a greater burden of proof than preponderance of the evidence but less than beyond a reasonable doubt.
Direct Evidence	Evidence in the form of testimony from a witness who actually saw, heard, or touched the subject of questioning. Direct evidence, which is believed, proves existence of fact in issue without inference or presumption.
Evidence	Data presented to a judge or jury in proof of the facts in issue and, which may include the testimony of witnesses, records, documents, or objects. Evidence is distinguished from proof, in that, proof is the result or effect of evidence.
Fraud	Deception by misrepresentation of material facts, or silence when good faith requires expression, which results in material damage to one who relies on it and has the right to rely on it. Simply stated, it is obtaining something of value from someone else through deceit.
Inference	A logical conclusion from given facts.
Preponderance of evidence	Evidence that will incline an impartial mind to one side rather than the other so as to remove the cause from the realm of speculation. It does not relate merely to the quantity of evidence. Simply stated, evidence, which is more convincing than the evidence offered in opposition.
Presumption (of law)	A rule of law that a judge or jury will draw a particular inference from a particular fact, or from particular evidence, unless and until the truth of such inference is disproved.
Reasonable doubt	A doubt that would cause a prudent person to hesitate before acting in matters of importance to themselves. Such a doubt will leave a juror's mind uncertain after examination of the evidence.

Term	Definition
Willful Intent to Defraud	An intentional wrongdoing with the specific purpose of evading a tax believed by the taxpayer to be owing.

25.1.1.1.8
(04-22-2021)

Related Resources

- (1) The Fraud Development Knowledge Base is located at the following website: <https://portal.ds.irsnet.gov/sites/vl019/pages/default.aspx>
- (2) Procedural guidance on potential fraud development cases can be found throughout IRM 25.1.

25.1.1.2
(04-22-2021)

Overview

- (1) The Office of Fraud Enforcement Advisor Program is a servicewide program administered by four groups. The groups are comprised of revenue agents and revenue officers who are located strategically throughout the country to assist with the development of fraud. A list of groups, FEA group managers, and the FEAs can be found on the Fraud Development Knowledge Base website at: <https://portal.ds.irsnet.gov/sites/vl019/lists/fraudawareness/fraudenforcementsadvisorscontactinformation.aspx>
- (2) The FEA plays a vital role in the development of a potential fraud case. The FEA will be consulted in all cases involving potential criminal fraud, as well as those cases that have potential for a civil fraud penalty.
- (3) Upon initial recognition of indicators of fraud, the employee will discuss the case at the earliest possible opportunity with his/her manager. If the compliance group manager concurs, the FEA will be contacted immediately; and both the compliance group manager and FEA will provide guidance to the compliance employee on how to proceed. To request a consultation with the FEA, the compliance employee will submit a request through the Specialist Referral System (SRS). The SRS is located at the following website: <https://srs.web.irs.gov/default.aspx>
- (4) When affirmative acts (firm indications) of fraud/willfulness exist and criminal criteria are met, the compliance employee will refer the case through the Fraud Enforcement Advisor (FEA) to Criminal Investigation (CI) via Form 2797, Referral Report of Potential Criminal Fraud Cases.
- (5) The discovery and development of fraud are the result of effective investigative techniques. Techniques employed by compliance employees are designed to disclose not only errors in accounting and application of tax law, but also irregularities that indicate the possibility of fraud.
- (6) Generally, for fraud to be considered, the compliance employee must show:
 - a. An additional tax due and owing as the result of a deliberate intent to evade tax; and
 - b. The willful and material submission of false statements or false documents in connection with an application and/or return.

- (7) A comment regarding consideration of fraud must be documented by all SB/SE compliance examination field operations employees on cases involving adjustments to taxable income and/or credits resulting in an underpayment of tax due.
- 25.1.1.3
(01-23-2014)
Definition of Fraud
- (1) **Fraud** is deception by misrepresentation of material facts, or silence when good faith requires expression, which results in material damage to one who relies on it and has the right to rely on it. Simply stated, it is obtaining something of value from someone else through deceit.
- (2) Tax fraud is often defined as an intentional wrongdoing, on the part of a taxpayer, with the specific purpose of evading a tax known or believed to be owing. Tax fraud requires both:
- a tax due and owing; and
 - fraudulent intent.
- 25.1.1.3.1
(04-22-2021)
Requirements of Proof
- (1) Understanding the requirements of proof is essential in establishing fraud. In all criminal and civil tax fraud cases, the burden of proof is on the government.
- (2) The major difference between civil and criminal fraud is the degree of proof required.
- a. In **criminal** cases, the government must present sufficient evidence to prove guilt beyond a reasonable doubt.
- b. In **civil fraud** cases, the government must prove fraud by clear and convincing evidence.
- 25.1.1.3.2
(04-22-2021)
Civil vs. Criminal
- (1) Civil fraud results in a remedial action taken by the government, such as assessing the correct tax and imposing civil penalties as an addition to tax, as well as retrieving transferred assets. Civil penalties are assessed and collected administratively as part of the unpaid balance of assessment.
- (2) Criminal fraud results in a punitive action with penalties consisting of fines and/or imprisonment. Criminal penalties:
- Are enforced only by prosecution;
 - Are provided to punish the taxpayer for wrongdoings; and
 - Serve as a deterrent to other taxpayers.
- (3) A tax fraud offense may result in both civil and criminal penalties. Restitution may be ordered in criminal tax cases pursuant to a plea agreement or a conviction under Title 18 U.S.C. and may be required as a condition of probation.
- 25.1.1.3.3
(01-23-2014)
Avoidance vs. Evasion
- (1) Avoidance of tax is not a criminal offense. Taxpayers have the right to reduce, avoid, or minimize their taxes by legitimate means. One who avoids tax does not conceal or misrepresent, but shapes and preplans events to reduce or eliminate tax liability within the parameters of the law.
- (2) Evasion involves some affirmative act to evade or defeat a tax, or payment of tax. Examples of affirmative acts are deceit, subterfuge, camouflage, concealment, attempts to color or obscure events, or make things seem other than they are.

- (3) Common evasion schemes include:
- Intentional understatement or omission of income;
 - Claiming fictitious or improper deductions;
 - False allocation of income;
 - Improper claims, credits, or exemptions; and/or
 - Concealment of assets.

25.1.1.4
(04-22-2021)

**Indicators of Fraud vs.
Affirmative Acts of
Fraud**

- (1) **Indicators of Fraud:**
- a. Taxpayers who knowingly understate their tax liability often leave evidence in the form of identifying earmarks (or indicators).
 - b. Indicators of fraud serve as a sign or symptom, or signify that actions *may* have been taken for the purpose of deceit, concealment or to make things seem other than what they are. Indications, in and of themselves, do not establish that a particular action was taken.
 - c. Examples include substantial unexplained increases in net worth, substantial excess of personal expenditures over available resources, bank deposits from unexplained sources substantially exceeding reported income, and documents that appear to be altered or false.

(2) **Affirmative Acts (Firm Indications) of Fraud:**

- a. Affirmative acts of fraud are those actions that establish that a particular action *was* deliberately done for the purpose of deceit, subterfuge, camouflage, concealment, some attempt to color or obscure events, or make things seem other than what they are.
- b. Fraud cannot be established without affirmative acts of fraud.
- c. Examples include deliberate or intentional omission of specific items where similar items are included; concealment of bank accounts or other assets; willful failure to deposit receipts to business accounts; and covering up sources of receipts.

25.1.1.5
(04-22-2021)

Criminal Statutes

- (1) Willfulness is a common element of tax crimes. Willfulness is defined as a voluntary, intentional violation of a known legal duty. A good faith misunderstanding of the law or good faith belief that one is not violating the law negates willfulness.
- (2) Exhibit 25.1.1-1 is a listing of the elements necessary for the most common statutes under which criminal prosecution may be recommended by CI.

25.1.1.6
(04-22-2021)

Records Retention

- (1) This subsection applies to the records retention requirements for all Office of Fraud Enforcement (OFE) personnel (RA FEAs, RO FEAs, FEA group managers and program analysts, etc.).
- (2) FEA case files and reports (see Document 12990, Records and Information Management Records Control Schedules, Schedule 28, Item 6(a), Office of Fraud Enforcement Case Files):
- a. There are numerous records created, obtained and maintained by FEAs during the course of case development. FEAs should maintain these records while they are providing assistance on a case. Prior to the compliance employee's case closing, the FEA must provide all original

records to the compliance employee to be included in the original case file. Once the FEA's involvement is concluded, the case should be closed on the FEA inventory system.

Cases will be closed off the FEA inventory system at the following decision points.

RA FEAs:

- When the FEA signs the Form 11661 to recommend that the case be placed back in status 12. The FEA will mark FEA Involvement Concluded on Form 11661 or Form 13549 and the case will be closed on the FEA inventory system.
- When the FEA approves the civil fraud penalty/fraudulent failure to file penalty/Ten-Year Ban, then the FEA will mark FEA Involvement Concluded on Form 11661 or Form 13549 and the case will be closed on the FEA inventory system.
- When a case has been fully adjudicated in the criminal system and all applicable civil penalties have been approved by the FEA.

RO FEAs:

- When the FEA makes the recommendation to remove the case from fraud development the case will be closed on the FEA inventory system.
- When the case has been fully adjudicated in the criminal system.

- b. All cases closed on the FEA inventory system will remain archived for a period of 10 years beginning the date of closure. If a need arises to re-open a case for further development or further FEA involvement, (such as a case being returned to the group for civil settlement), then the FEA group manager will re-open the case and a new retention period will begin.
- c. Other records maintained are required to be destroyed at the later of 1) within 180 days of receipt, or 2) when no longer needed for current operations. Such records include those maintained by the FEA group manager and program analysts; and copies of reports and analyses of various program data.
- d. The FEA group manager must ensure effective processes for monitoring and maintaining archived records. To meet the retention requirements, the FEA group manager may need to access ERCS, Examination Returns Control System, or ICS, Integrated Collection System, to determine the conclusion date of the case. Maintaining these files may be a delegated task to the group secretary.
- e. When the retention period has been met for Form 4502, Exam Technical Time Report; Form 3081, Employee Time Report; travel documentation; FEA case files and reports; etc.; the FEA group manager must complete the Form 11671, Certificate of Records Disposal. Form 11671 is completed after the files are eligible for destruction and should be sent by the FEA group manager to the Area Record Manager for Retention for approval. Once approval is received, the FEA group manager may destroy the records using the normal shred process within the FEA group manager's office. Additional information may be found on the Disclosure and Privacy Knowledge Base, located at: <https://portal.ds.irsnet.gov/sites/v1003/pages/default.aspx>.

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Exhibit 25.1.1-1 (04-22-2021)
Criminal Violations

Criminal Statutes	Elements Necessary For Prosecution
Title 26 USC Section 7201 (Evasion) Felony	<ul style="list-style-type: none"> • Willfulness • Attempt to evade or defeat (usually involves concealment or deception) tax or payment thereof • Tax deficiency
Title 26 USC Section 7202 (Trust Fund Violation—Willful Failure to Collect or Pay Over Tax) Felony	<ul style="list-style-type: none"> • Willfulness • Requirement to collect, truthfully account for, and pay over employment taxes • Either failure to collect any tax or failure to truthfully account for and pay over any tax or both
Title 26 USC Section 7203 (Failure to File or Failure to Pay) Misdemeanor	<ul style="list-style-type: none"> • Willfulness • Requirement to file a return, pay an estimated tax or tax, maintain records, or supply information • Failure to file a return, pay an estimated tax or tax, maintain records, or supply information
Title 26 USC Section 6050I in Conjunction with 26 USC Sections 7203 and 7206 (Trade or Business Required to File a Form 8300 for Receiving More Than \$10,000 Cash) Felony	<ul style="list-style-type: none"> • Willfulness • Subject to reporting requirement relating to cash of more than \$10,000 received in trade or business • Evasion of reporting requirement by: <ol style="list-style-type: none"> a. Causing a trade or business to fail to file report, or b. Causing a trade or business to file false report, or c. Structuring transactions to avoid report
Title 26 USC Section 7204 (Employee Wage Statements) Misdemeanor	<ul style="list-style-type: none"> • Duty to deduct and withhold employment tax or income tax (26 USC 3102(a), 3402(a)) • Duty to timely furnish to the employee a written statement showing specified information concerning the deductions (26 USC 6051) • Furnishing a false or fraudulent statement to an employee, or the failure to furnish a statement to an employee at the required time and in the required manner • Willfulness
Title 26 USC Section 7205 (False W-4) Misdemeanor	<ul style="list-style-type: none"> • Duty to supply information to employer regarding income tax withholding (26 USC 3402(f)(2)) • Furnishing false or fraudulent information or failure to supply information, which would require an increase in tax to be withheld • Willfulness

Exhibit 25.1.1-1 (Cont. 1) (04-22-2021)
Criminal Violations

Criminal Statutes	Elements Necessary For Prosecution
Title 26 USC Section 7206(1) (False return) Felony	<ul style="list-style-type: none"> • Making and subscribing a return or other document under penalties of perjury • The return, statement or other document, which was false as to a material matter • Belief that it is not true and correct as to every material matter • Willfulness
Title 26 USC Section 7206(2) (Assisting in Preparation of False Return) Felony	<ul style="list-style-type: none"> • Aiding or assisting in, procuring, counseling, or advising the preparation or presentation of a document in connection with matters arising under the internal revenue laws • Document was false as to a material matter • Willfulness
Title 26 USC Section 7206(4) (Removal or Concealment with Intent to Defraud) Felony	<ul style="list-style-type: none"> • Tax imposed on property • Property on which tax is imposed or will be imposed or levy is authorized • Removal or concealment • Intent to evade or defeat assessment or collection of tax
Title 26 USC Section 7206(5) (Compromises & Closing Agreements) Felony	<ul style="list-style-type: none"> • Willful concealment of property or • Willful withholding, falsifying and destroying records • Receives, withholds, destroys, mutilates, or falsifies any book, document, or record, or makes any false statement.
Title 26 USC Section 7207 (Submission of False Documents) Misdemeanor	<ul style="list-style-type: none"> • Willfulness • Delivery or disclosure to any officer or employee of the Internal Revenue Service of any list, return, account, statement, or other document Return, statement, or other document is false or fraudulent as to a material matter • Knowledge of material falsity
Title 26 USC Section 7212(a) "Omnibus Clause" Felony	<ul style="list-style-type: none"> • Corrupt effort, endeavor, or attempt • To impede, obstruct or interfere with • Due administration of Title 26
Title 26 USC Section 7212(a) (Corrupt or Forcible Interference) Felony or Misdemeanor	<ul style="list-style-type: none"> • Use of force or threat • To intimidate, impede or obstruct • An officer or employee of the U.S. acting in official capacity under Title 26
Title 26 USC Section 7212(b) (Forcible Rescue of Seized Property) Felony	<ul style="list-style-type: none"> • Forcible rescue or attempt to forcibly rescue • Seized property • Knowledge of seizure

Exhibit 25.1.1-1 (Cont. 2) (04-22-2021)
Criminal Violations

Criminal Statutes	Elements Necessary For Prosecution
<p>Title 26 USC Section 7215 (Collection & Paying Tax) Misdemeanor</p>	<ul style="list-style-type: none"> • Taxpayer was a person required to collect, account for, and pay over income tax withholding on wages and FICA taxes • Taxpayer was notified of the failure to collect, account for, and pay over • Taxpayer failed to collect, account for, and pay over the taxes, while not entertaining a reasonable doubt as to whether the law required the taxpayer to do so, and the failure was not due to circumstances beyond the taxpayer's control
<p>Title 26 USC Section 7232 (Failure to Register) Felony</p>	<ul style="list-style-type: none"> • Fails to register in connection with taxable purchase -diesel fuel and special motor fuels, or • Falsely represents that he is registered, or • Willfully makes false statement in an application for registration.
<p>Title 18 USC Section 2 (Principal/Aiding and Abetting) Felony or Misdemeanor</p>	<ol style="list-style-type: none"> a. Whoever commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal b. Whoever willfully causes an act to be done which if directly performed by him or another would be an offense against the United States, is punishable as a principal.
<p>Title 18 USC Section 152(1) (Concealment of Property) Felony</p>	<ul style="list-style-type: none"> • Bankruptcy proceeding was in existence; • Individual fraudulently concealed the property from the custodian; and • Property belonged to the bankruptcy estate.
<p>Title 18 USC Section 152(2) (False Oath or Account) Felony</p>	<ul style="list-style-type: none"> • Existence of a bankruptcy proceeding; • Statement under oath; • Statement must be false; and • Statement was made knowingly and fraudulently makes a false oath or account in or in relation to any case under title 11.
<p>Title 18 USC Section 152(3) (False Declarations) Felony</p>	<ul style="list-style-type: none"> • Existence of a bankruptcy proceeding; • Individual made a false declaration, certificate, verification, or other statement in relation to the bankruptcy proceeding; • Statement was knowingly and fraudulently makes a false declaration, certificate, verification, or statement under penalty of perjury as permitted under Section 1746 of Title 28, in or in relation to any case under title 11.

Exhibit 25.1.1-1 (Cont. 3) (04-22-2021)
Criminal Violations

Criminal Statutes	Elements Necessary For Prosecution
Title 18 USC Section 152(4) (False Claims) Felony	<ul style="list-style-type: none"> • Bankruptcy proceedings have commenced; Individual presented or caused to be presented a proof of claim in the bankruptcy; • Proof of claim was false as to a material matter; and • Individual knew the proof of claim was false and acted knowingly and fraudulently presents any false claim for proof against the estate of a debtor, or uses any such claim in any case under title 11, in a personal capacity or as or through an agent, proxy, or attorney;
Title 18 USC Section 152(5) (Fraudulent Receipt of Property) Felony	<ul style="list-style-type: none"> • Individual receives a material amount of property from a debtor • Such transfer occurred after the filing of a case under Title 11; and • Acts were done with the intent to defeat the provisions of Title 11.
Title 18 USC Section 152(6) (Extortion and Bribery) Felony	<ul style="list-style-type: none"> • Individual gives, offers, receives, or attempts to obtain money or property, remuneration, compensation, reward, advantage, or promise for acting or forbearing to act in any case under Title 11; and • Action was made knowingly and fraudulently.
Title 18 USC Section 152(7) Fraudulent Transfer or Concealment) Felony	<ul style="list-style-type: none"> • Individual fraudulently transferred or concealed the defendant's property or the property of another; an • Such act of transfer or concealment was done with the intent to defeat the provisions of Title 11, or in contemplation of a case under Title 11.
Title 18 USC Section 152(8) (Destruction or Alteration of Recorded Information) Felony	<ul style="list-style-type: none"> • Bankruptcy proceeding existed • Individual concealed, destroyed, or mutilated the documents; • Such documents related to the property or financial affairs of the debtor; and • Individual acted knowingly and fraudulently.
Title 18 USC Section 152(9) (Withholding of Recorded Information) Felony	<ul style="list-style-type: none"> • Bankruptcy proceeding existed; • Individual withheld from the trustee entitled to its possession; books, documents, records, or papers; • Such documents related to the property or financial affairs of the debtor; an • Individual withheld the documents knowingly and fraudulently.

Exhibit 25.1.1-1 (Cont. 4) (04-22-2021)
Criminal Violations

Criminal Statutes	Elements Necessary For Prosecution
<p>Title 18 USC Section 157 (Bankruptcy Fraud) Felony</p>	<ul style="list-style-type: none"> • Defendant devised or intended to devise a scheme or artifice to defraud; and • For the purpose of executing or concealing such scheme or artifice or attempting to do so; • Files a petition under Title 11; or • Files a document in a proceeding under Title 11; or • Makes a false or fraudulent representation, claim, or promise concerning or in relation to a proceeding under Title 11
<p>Title 18 USC Section 286 (Conspiracy to Defraud the government with Respect to Claims) Felony</p>	<ul style="list-style-type: none"> • An agreement, combination, or conspiracy to defraud the United States • By obtaining or aiding to obtain the payment of any false, fictitious or fraudulent claim.
<p>Title 18 USC Section 287 (False Fictitious or Fraudulent Claims) Felony</p>	<ul style="list-style-type: none"> • Knowingly makes or presents (statute does not require that person providing false information to return discounter* who filed return actually file return to be guilty under 287) • False, fictitious or fraudulent claim • Knowing that claim filed is false, fictitious or fraudulent. <p>Note: * Files return for a percentage of the refund.</p>
<p>Title 18 USC Section 371 (Conspiracy) Felony</p>	<ul style="list-style-type: none"> • The general conspiracy statute encompasses two distinct types of conspiracies; <ol style="list-style-type: none"> a. Conspiracy to commit <i>any</i> federal offense b. Conspiracy to defraud the United States or <i>any</i> agency thereof, which includes the Service • Essential elements of a Section 371 offense are: <ol style="list-style-type: none"> a. <i>Agreement</i> by two or more parties b. <i>To commit an offense</i> against the United States; or, <i>to defraud</i> the United States or one of its agencies c. <i>Overt act</i> by one or more of the parties in furtherance of the agreement d. <i>Requisite intent</i> to defraud or to commit the substantive offense
<p>Title 18 USC Section 1001 (False Statements) Felony</p>	<ul style="list-style-type: none"> • Either: <ol style="list-style-type: none"> a. Falsifying, concealing or covering up any material fact by any trick, scheme, or device; or b. Making false, fictitious or fraudulent statements or representations; or c. Making or using any false writing or document. • Knowingly and willfully • In a matter within the jurisdiction of a department or agency of the United States • False matter was of a material nature.

Exhibit 25.1.1-1 (Cont. 5) (04-22-2021)**Criminal Violations**

Criminal Statutes	Elements Necessary For Prosecution
Title 18 USC 1956 (Laundering of Monetary Instruments) Felony	<ul style="list-style-type: none"> • Whoever, knowing that property involved in a financial transaction represents proceeds of a specified unlawful activity (SUA). • Conducts such a financial transaction, which in fact involves proceeds of a SUA: <ul style="list-style-type: none"> a. A.i. with the intent to promote the carrying on of SUA; or b. ii. with the intent to engage in conduct constituting a violation of section 7201 or 7206 of the IRC; or c. B. knowing the transaction is designed in whole or in part: d. i. to conceal or disguise the nature, location, source, ownership, or control of the proceeds of SUA; or e. ii. to avoid a transaction reporting requirement under State or Federal law.