



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

25.1.11

JULY 26, 2021

## EFFECTIVE DATE

(07-26-2021)

## PURPOSE

- (1) This transmits revised IRM 25.1.11, Fraud Handbook, Campus Collection Fraud Procedures.

## MATERIAL CHANGES

- (1) IRM 25.1.11.1- Renamed and revised subsection to provide internal controls information. Subsections added include Background; Authority; Roles; 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.
- (2) IRM 25.1.11.3(1) - The role of the collection functional fraud coordinator (CFFC) has been clarified.
- (3) IRM 25.1.11.3(2) - The CFFC no longer works with the Site RO on potential fraud development cases and the fraud referral tracking sheet has been replaced with the Campus Collection functional fraud coordinator (CCFFC) data template.
- (4) IRM 25.1.11.4(4) - Additional details of the methods of concealment example were added to this paragraph.
- (5) IRM 25.1.11.4(6) - Potential indicator of fraud was replaced with initial indicator of fraud.
- (6) IRM 25.1.11.5(1) - This sentence was clarified to include that taxpayers should be interviewed if there are initial indicators of fraud.
- (7) IRM 25.1.11.5(5) - The information located in this section was moved to IRM 25.1.11.5(4).
- (8) IRM 25.1.11.7(2) - The responsibilities of the CFFC were further clarified to include that if the case warrants review for potential fraud development or direct criminal referral, verified by the FEA, the CFFC will complete and submit the CCFFC data template via encrypted email to \*Collection Campus Fraud Reporting.
- (9) IRM 25.1.11.8(1) - The note was removed because the site RO is no longer required to complete the development of the Compliance Services Collection Operations (CSCO) cases.
- (10) IRM 25.1.11.9(5) - Reorganized this section into a new subsection, IRM 25.1.11.9.1, Potential Indicators of Fraud.
- (11) IRM 25.1.11.10(3) - The site RO no longer determines if the case has firm indicators of fraud potential. The FEA now determines if the case warrants review for potential fraud development or direct criminal referral. The CFFC will complete the CCFFC data template and email to \*Collection Campus Fraud Reporting if the case warrants fraud development.
- (12) IRM 25.1.11.10(4) - The FEA will evaluate whether a case has sufficient information to refer directly to CI was added to this paragraph.
- (13) IRM 25.1.11.13(3) - For additional clarification, IRM 10.5.1, Privacy and Information Protection, Privacy Policy, was added to this paragraph.
- (14) IRM 25.1.11.13(4) - IRM 10.2.13.4.4.1, was removed from this section because it is obsolete.

- (15) IRM 25.1.11.13(7) - Information in this paragraph was reformatted and bullet points added.
- (16) Exhibit 25.1.11-2 - The description of the form contents was reformatted and bullet points added.
- (17) Throughout this IRM section: All references to the “fraud technical advisor” (FTA) have been replaced with “fraud enforcement advisor” (FEA).

#### **EFFECT ON OTHER DOCUMENTS**

This material supersedes IRM 25.1.11 dated November 29, 2017.

#### **AUDIENCE**

Campus Collection employees

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25.1.11

Campus Collection Fraud Procedures

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25.1.11.1  
(07-26-2021)  
**Program Scope and Objectives**

- (1) **Mission.** The mission of the Office of Fraud Enforcement (OFE) is to promote compliance by strengthening the IRS' response to fraud and 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) The OFE builds strong internal and external partnerships and serves as the primary civil liaison to IRS-Criminal Investigation. By supporting cases throughout the life cycle and through full consideration of available treatments, OFE facilitates optimal disposition of cases with civil or criminal fraud potential.
- (3) **Purpose.** This IRM communicates fraud referral procedures for campus collection employees.
- (4) **Audience.** Campus collection employees and OFE employees.
- (5) **Policy Owner.** Director, Office of Fraud Enforcement, Small Business/Self Employed (SB/SE) Division.
- (6) **Program Owner.** Office of Fraud Enforcement, Policy, SB/SE.
- (7) **Primary Stakeholders.** The primary stakeholders are SB/SE campus collection and OFE.

25.1.11.1.1  
(07-26-2021)  
**Background**

- (1) The objectives of the Campus Collection Fraud Program are to:
  - Identify cases with potential fraud indicators;
  - Gather evidence and other supporting investigative information;
  - Discuss cases with campus fraud functional coordinators (CFFC) to assess fraud potential; and
  - Refer cases with fraud indicators to Collection or Examination for further investigation.

25.1.11.1.2  
(07-26-2021)  
**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.

25.1.11.1.3  
(07-26-2021)  
**Roles**

- (1) The Director, OFE, is the executive responsible for providing fraud policy and guidance for civil compliance employees and ensuring consistent application of policies 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 with identification of fraud indicators and development of fraud cases.
- (3) Employees who work cases are responsible for following the procedures in this IRM. All employees and their managers working cases with fraud indicators should familiarize themselves with the information contained in this IRM.

25.1.11.1.4  
(07-26-2021)

**Program Management  
and Review**

- (1) The Office of Fraud Enforcement Policy staff prepares and issues a three-year report to servicewide customers.
- (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 Fraud Information Tracking System (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.

25.1.11.1.5  
(07-26-2021)

**Program Controls**

- (1) FEA managers verify program and procedural compliance by performing quality case reviews, on-the-job visitations, workload 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, 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.

25.1.11.1.6  
(07-26-2021)

**Acronyms and Codes**

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

<b>Acronym</b>	<b>Definition</b>
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
CCFFC	Campus Collection Functional 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

<b>Acronym</b>	<b>Definition</b>
FFTF	Fraudulent Failure to File penalty
FinCEN	Financial Crimes Enforcement Network
FIRM	Fraudulent Intent Referral Memorandum
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



Acronym	Definition
W&I	Wage & Investment

25.1.11.1.7  
(07-26-2021)  
**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	Includes both the burden of producing evidence and persuading a court (judge or jury) by clear and convincing evidence that the facts support the contention of civil fraud. 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 documents or 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 to prove the facts in issue. Evidence includes 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.

Term	Definition
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	The evidence must be so convincing that a reasonable person would not question the defendant's guilt.
Willful Intent to Defraud	An intentional wrongdoing with the specific purpose of evading a tax believed by the taxpayer to be owing.

25.1.11.1.8  
(07-26-2021)

#### Related Resources

- (1) The Fraud Development Knowledge Base is located at <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.
- (3) See IRM 25.1.1.3, Indicators of Fraud vs. Affirmative Acts of Fraud, for further information regarding the difference between indicators of fraud and affirmative acts (firm indicators) of fraud.
- (4) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see <https://www.irs.gov/taxpayer-bill-of-rights>

25.1.11.2  
(07-26-2021)

#### Responsibility of the Campus Collection Employee

- (1) Fraud cases begin with Campus Collection employees and their recognition of indicators and affirmative acts of fraud by taxpayers through regular case processing.
- (2) The detection and deterrence of fraud is every compliance employee's responsibility and the identification and reporting of any fraud indicators is a top priority when discovered. It is essential to identify and report any potentially fraudulent activities. Questions regarding Campus Collection fraud procedures should be referred to your respective CFFC. A list of CFFCs is located on the Fraud Development Knowledge Base.

25.1.11.3  
(07-26-2021)

#### Role of the Collection Functional Fraud Coordinators

- (1) The CFFCs are a resource who assist Campus Collection employees with cases with fraud indicators, reviews potential fraud development cases within their respective functions, and determines whether cases should be investigated by reviewing fraud documentation, reporting cases on the Campus Collection fraud functional coordinator (CCFFC) data template, and working with FEAs and, when appropriate, cross-functional coordinators in the processing of fraud development cases.

- (2) The CFFCs also act as liaisons to ensure the completion of appropriate fraud paperwork, work with the FEAs, and when applicable, cross-functional coordinators to process potential fraud development cases, and report the case on the CCFFC data template.

25.1.11.4  
(07-26-2021)  
**Developing Potential  
Fraud Cases**

- (1) In all criminal and civil tax fraud cases, the burden of proof is on the government.
- (2) Tax evasion (Title 26 USC 7201) and false returns (Title 26 USC 7206(1)) are two common criminal tax offenses within Collection. Willfulness is a common element of tax crimes. Criminal Violations (Exhibit 25.1.1-1) is a listing of the elements necessary for criminal prosecution. Review the criminal criteria set forth in IRM 25.1.3.1.1, Background, for additional guidance.
- (3) Tax avoidance and tax evasion are different. Avoidance of tax is not a criminal offense. Taxpayers have the right to reduce or avoid their taxes by legitimate methods. Tax avoidance is a legal means used to lower tax liability by arranging financial affairs to the best advantage and by claiming rightful deductions, credits, and adjustments. Avoidance does not involve concealment or misrepresentation, but works within the legal parameters to shape events to reduce tax. Tax evasion is the illegal act of not reporting income, underreporting income, or providing false information to the IRS. Fraud may exist when a taxpayer **willfully** attempts to illegally underreport income, not pay taxes, or both.
- (4) Common indicators of fraud within Campus Collection involve the following issues:

Common Indicator	Example
<b>Expense/Deductions Related:</b> Substantial personal expenditures that exceed available resources or that are deducted as business expenses.	No apparent explanation is available for how the taxpayer is living each month with a high negative income.
<b>Income Related:</b> Bank deposits from unexplained sources that substantially exceed reported income or concealment of bank accounts, brokerage accounts, and other property.	Income or other revenue reported by payers to the IRS do not account for the amount of bank deposits, or there are no bank accounts or investments reported by the taxpayer although payers report interest to the taxpayer.
<b>Conduct of the Taxpayer:</b> Patterns of consistent failure to file or to report income although substantial amounts of taxable income were received.	Payers report substantial income to the IRS paid to the taxpayer; however, no returns are filed by that taxpayer for those years in which payments were made.

Common Indicator	Example
<b>Methods of Concealment:</b> Assets are placed in another's name, or there is a close relationship between the parties to a transfer, rendering tax not due, not payable, or substantially reduced.	No real property was reported by the taxpayer on a collection information statement although income reporting documents reveal that the taxpayer paid mortgage interest for real property loans, or the taxpayer disavows ownership of assets for which the taxpayer maintains control or use.

- (5) Refer to IRM 25.1.2.3, Indicators of Fraud, for additional information on fraud indicators.
- (6) When an initial indicator of fraud is identified, fraud development must be considered. The CFFC will assist with assessing the fraud development potential and determining the plan of action.
- (7) Further development of the initial fraud indicators is necessary to document **firm indications (affirmative acts)** for successful fraud cases.

25.1.11.5  
(07-26-2021)  
**Interviewing the Taxpayer**

- (1) In instances with initial indicators of fraud, Campus Collection employees should interview the taxpayers with similar to normal case processing to gather information on the taxpayers' ability to pay and on the filing of delinquent returns.
  - a. **DO NOT SOLICIT TAX RETURNS.** If returns are submitted, they should be accepted. Ask questions that could help determine the potential liability. For example, marital status, dependents, estimated income and expenses, etc. are all types of information used to determine the actual tax loss to the government;
  - b. **DO NOT VOLUNTEER ADVICE** to the taxpayer concerning any course of action he/she should follow;
  - c. **DO NOT DISCUSS** tax liabilities, penalties, fraud, or referral possibilities with the taxpayer; and
  - d. **DO ANSWER ANY LEGITIMATE TAX QUESTIONS** posed by the taxpayer (such as due dates, filing requirements, etc.). In addition, refer the taxpayer to appropriate publications, (i.e. Pub 17, Your Federal Income Tax (For Individuals), Pub 530, Tax Information for Homeowners, etc.) and document their questions and your responses.
- (2) When the taxpayer asks if a fraud referral is being considered or whether CI is involved, the compliance employee **must not** give a false or deceitful response. Guidance from the courts provides that compliance employees:
  - May decline to answer questions about criminal potential
  - May not deceive taxpayers when asked specifically about the character or nature of an investigation
  - Are not required to disclose the development of fraud indicators or a potential referral to CI, and
  - May simply advise that when firm indicators of fraud are present, a referral to CI is required

- (3) When interviewing the taxpayer with potential fraud indicators, **it is critical for the employee to secure the taxpayer's explanations for any discrepancies.** If possible, review the taxpayer's explanations with him or her and get a written signature that the summary is fair and accurate.
- (4) Suspend any attempts to resolve the case. If the taxpayer initiates an installment agreement on a potential fraud case, explain to the taxpayer that:
  - The request is subject to review;
  - Voluntary payments should be made while the proposal is pending;
  - Acceptance of voluntary payments by the IRS should not be construed as an acceptance of a proposed installment agreement; and
  - The IRS will send written notification regarding the acceptance or rejection of the proposed installment agreement.

25.1.11.6  
(07-26-2021)  
**Case Documentation**

- (1) Documentation is critical for the development of fraud referrals. Maintain complete and accurate case notes that include:
  - a. All case actions taken;
  - b. All documents received;
  - c. All contacts adequately documented (e.g., changes to entity information were recognized/updated); and
  - d. All conversations with the taxpayer, representative, return preparer, and/or third parties documented (e.g., specify the discussions and responses). Review the responses with the taxpayer, if possible.
- (2) Date stamp documents received from taxpayers but do not otherwise write on the documents. If documents are obtained from third parties, the source of the documents should be identified. For example, if received by mail, attach the envelope to the document or make a notation on the back of the document. If you need to write on a document make a copy of the original and use the copy for your work but never write on an original document secured from a taxpayer or third-party.
- (3) **Do not indicate whether the taxpayer has committed fraud, just document the facts uncovered during the investigation.**

25.1.11.7  
(07-26-2021)  
**Discussion with the  
Collection Functional  
Fraud Coordinator**

- (1) When initial indications of fraud are discovered, Campus Collection employees should initiate a discussion with their CFFCs.
- (2) The CFFCs will review the case and, consult with the FEA as appropriate, to determine whether the case should be investigated further for potential fraud. If the FEA verifies that the case warrants review for potential fraud development or direct criminal referral, the CFFC should complete and submit the CFFC data template via encrypted email to \*Collection Campus Fraud Reporting. The specific fraud indicators will be checked on the Fraud Indicator Check Sheet  
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signment controls.
- (3) Upon concurrence of potential fraud, the Campus Collection employee should suspend case resolution and proceed with the potential fraud investigation.
- (4) The CFFCs will document the Fraud Referral Summary Check Sheets (see Exhibit 25.1.11-2) to approve the potential fraud investigation.

25.1.11.8  
(07-26-2021)  
**Potential Fraud  
Investigation**

- (1) After the concurrence of the CFFC, the Campus Collection employee works the potential fraud investigation within their normal scope of duties.
- (2) The Campus Collection employee will secure research prints from the Integrated Data Retrieval System (IDRS), including SUMRY, TXMOD, ENMOD, BMFOLI, IMFOLI, AMDIS, and Information Return Processing (IRP) documents.

**Note:** Only the IRP Summary is required if more than 20 documents exist.

- (3) Campus Collection employees will retain copies of original or amended returns secured.
- (4) Asset/locator research should be obtained, if it is within the normal process and authority of the workgroup.
- (5) If no contact has been established with the taxpayer (or authorized representative), a minimum of three attempted phone contacts must be documented. The taxpayer interview is especially important if records are inadequate, non-existent or false.
- (6) For cases with only unfiled return modules, Form 3449, Referral Report, is also required. Note in block 7 that fraud indications are present.

25.1.11.9  
(07-26-2021)  
**Case Evidence**

- (1) Original documents are the best evidence. Always strive to view or obtain original documents. If doubts exist about the authenticity of a document, firmly request that the original be produced.
- (2) Documents and correspondence obtained from the taxpayer, or third parties must be retained as potential evidence. Copies of all documents provided by the taxpayer should be made as soon as practicable.
- (3) **Never** write on or alter original documents in any way. Work papers are secondary evidence. Make another copy of the document to make notes or highlight discrepancies.
- (4) Contact local counsel if the taxpayer requests the return of any records. Counsel will advise on the retention of any existing copies.

25.1.11.9.1  
(07-26-2021)  
**Potential Indicators of  
Fraud**

- (1) **Suspicious or unusual patterns on tax returns:**
  - Identical names on different returns
  - Numerous or similar post office box addresses
  - Suspicious looking or similar hand written documents
  - Similarities on multiple returns, e.g. refund amount, withholding amount, credits, losses, dependents, etc.
  - Mail includes several returns in the same envelope
- (2) **False W-2s:**
  - Excessive withholding in comparison to wages
  - Typewritten
  - Inconsistent typing format
  - "Applied for" annotated in lieu of EIN
  - EIN/company name mismatch
  - Computerized W-2s in different format

- Erasures or white outs
- Substitute W-2
- Sloppy typing
- Upper and lower case typing
- Missing information such as EIN, SSN, FICA, address, State EIN, etc.

(3) **Inconsistent 1040 Income and Deductions:**

- Questionable dependent information, e.g., relationship, dates of birth, dates of death
- Occupation in relation to income
- Refund amounts
- Age and income inconsistencies
- Excessive itemized deductions (50% or more) in comparison to AGI
- Unusual deductions for the taxpayer's occupation
- Multiple returns with similar deductions

(4) **Schedule C Discrepancies:**

- Business income with little or no expenses
- Unreported self-employment tax
- EITC claimed
- Multiple returns with similar characteristics
- Unrealistic occupation

(5) **Questionable Amended Returns:**

- Analyze amended returns using the same techniques recommended for Form W-2, Wage and Tax Statement, Form W-2G, Certain Gambling Winnings, Form 1040, U.S. Individual Income Tax Return, as well as forms in the 1099 series, Miscellaneous Income.

(6) **Unscrupulous Return Preparer Patterns:**

- Pattern by the same return preparer using same/similar deductions, credits, expenses, etc., on multiple returns including but not limited to:  
Filing status  
Occupation  
Child care provider or educational institution expenses  
Excessive deductions/losses  
Different businesses at the same address

25.1.11.10  
(07-26-2021)  
**Preparation of Case for  
Potential Fraud  
Evaluation**

- (1) Once the Campus Collection employee completes the investigation and gathers the required evidence, the employee will complete the Fraud Referral Summary Check Sheet (see Exhibit 25.1.11-2).
- (2) The referring employee will meet with the CFFC to review the case.
- (3) The CFFC will consult with the FEA to determine if the case warrants review for potential fraud development or direct criminal referral. If the FEA agrees, the CFFCs will send the case file and supporting documents to the FEA. Once the case is sent to the FEA for evaluation, the CFFC should complete and submit the CFFC data template via encrypted email to \*Collection Campus Fraud Reporting.
- (4) The FEA will evaluate whether the case has sufficient information to refer directly to CI. If the case has fraud potential but needs further development,



the FEA will recommend its transfer to Field Collection or Examination to continue the investigation. If the case does not have criminal fraud potential, the FEA will consider whether the civil fraud penalty should be pursued through Campus or Field Examination.

25.1.11.11  
(07-26-2021)

#### **Referrals to Criminal Investigation**

- (1) When firm indicators of fraud are present, referrals to CI will be completed by the controlling office with the concurrence of the FEA.
- (2) All criminal referrals must be routed through the FEA group manager for review, concurrence, and forwarding to CI. Refer to your functional chapter of IRM 5.19, Liability Collection, for referral procedures.

25.1.11.12  
(07-26-2021)

#### **CI Referral Evaluation**

- (1) CI will screen incoming referrals for established criminal criteria and barriers to prosecution. If the referral does not meet the criminal criteria or has barriers to prosecution, the referral will be returned to Campus Collection via the FEA group manager. If the referrals meet the criminal criteria and supports CI's workplan, and no identified prosecution barriers are identified, the referrals will be forwarded to the appropriate CI Field Offices for further evaluation.
- (2) Within 10 work days of the evaluating field office's receipt of the referral, CI will contact the CFFC to schedule and conduct an initial conference. Within 30 work days of the receipt of the referral by the evaluating field office, the parties will meet again for a disposition conference. The purpose of the disposition conference is to discuss CI's decision to accept or decline the referral. It provides CI the opportunity to provide feedback to Campus Collection regarding that decision. If the referral is accepted, follow the guidance in your functional chapters of IRM 5.19, Liability Collection, to close the case. Make copies of all original documents submitted to CI. If declined, the FEA may recommend pursuing civil fraud penalties. Otherwise, Campus Collection will resume normal case processing to include alternative enforcement actions such as routing frivolous returns or adjusting collection determinations based on available information. Feedback to the originating employee should be included with the returned evaluation.

25.1.11.13  
(07-26-2021)

#### **Transfers to Field Collection**

- (1) Once the FEA agrees that the case has criminal fraud potential, Form 11661-A, Fraud Development Recommendation - Collection, must be completed by the Campus Compliance Collection employees with the FEA's assistance. The FEA will sign the Form 11661-A, documenting the recommendation to transfer to Field Collection for further development.
- (2) The CFFC ensures the assembled case file being transferred includes the  
  
Referral Summary Check Sheet. All available supporting documentation, listed on the Fraud Referral Summary Check Sheet must also be included in the file.
- (3) The CFFC will send the case file to the Collection Fraud Policy analyst for potential transfer to Field Collection. See the fraud website for the current Collection Fraud Analyst contact. The physical transfer of the case file must be sent by traceable overnight service or other approved method. See IRM 10.5.1, Privacy and Information Protection, Privacy Policy, for further handling requirements.
- (4) Case activity should be suspended according to procedures in your functional chapter of IRM 5.19, Liability Collection, with a 60-day follow up.

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- (5) Upon approval of the transfer to Field Collection, the CFFCs will use IDRS command code ASGNI/ASGNB to assign the case to the appropriate Field Collection group as indicated by the Collection Fraud Analyst. The eight-digit revenue officer (RO) assignment number includes the appropriate area office/territory office designation, followed by one of the following:
  - 6401 - CSCO, TP Request Contact - no correspondence
  - 6501 - ACS, TP Request Contact - no correspondence
  - 6466 - CSCO, TP Request Contact - correspondence
  - 6566 - ACS, TP Request Contact - correspondence
- (6) The Integrated Collection System (ICS) will assign a case subcode to cases sent to Field Collection for further development. The subcodes enable Field Collection to assign the case to an RO for further fraud development. The subcodes are:
  - 601 - Individual Master File (IMF) cases
  - 602 - Business Master File (BMF) cases
  - 603 - All other cases
- (7) The Collection Fraud Policy analyst will send the approved case file to the field group manager for assignment. Field Collection will work the case as a potential fraud development case in accordance with IRM 25.1.8, Field Collection.

25.1.11.14  
(07-26-2021)  
**OIC Fraud Investigation  
to Field Collection**

- (1) Upon concurrence of the CFFCs, and the FEA, potentially fraudulent Centralized Offer In Compromise (COIC) cases should be sent to Field Collection groups for further investigation.
- (2) The CFFC and FEA will complete the Form 11661-A. When firm indications of fraud in the offer investigation are present, referrals to CI will be completed by the Campus Collection employees with the concurrence of the FEA. (see IRM 25.1.11.12 on CI Referral Evaluation).
- (3) After FEA approval of the Form 11661-A, the COIC case referral will be transferred to the Field Collection group nearest the taxpayer's address. The COICs will issue an outgoing OI on ICS (sub code 106) to the Field Collection Group per the ICS parameter tables. Then, the COIC manager assigns the case on the Automated Offer in Compromise (AOIC) system to xxxx9998.
- (4) Retain the OIC case file within COIC. Send copies of the Form 656, Offer in Compromise; however, all other documents sent with the OIs can be originals. DO NOT WRITE ON ORIGINAL DOCUMENTS. Retain copies of all documents sent for the offer file.
- (5) The OI will be assigned to an RO who will work with the local FEA to make a determination if the potential for fraud development exists. See IRM 5.8.4.18, Potential Fraud Referrals, for additional actions.

25.1.11.15  
(12-31-2014)  
**Potential Civil Fraud  
Development Cases**

- (1) Recommendations for asserting the civil fraud penalty should be carefully reviewed to establish that the evidence supports the assertion.
- (2) Fraud must be proven by clear and convincing evidence, and the statutory notice asserting the fraud penalty must be reviewed by Area Counsel.

25.1.11.16  
(07-26-2021)

**Transfers to SB/SE  
Campus Exam**

- (1) When cases have criminal fraud potential relating only to returns which are unfiled or have civil fraud potential, the cases will be directed to Campus Examination for transfer to Field Examination for further development, or sent to Campus Examination for the assertion of the civil fraud penalty.
- (2) Upon concurrence of the FEA, the CFFC sends the completed Form 13549, Campus Fraud Leadsheet, and the corresponding documentation to the local Examination Campus Fraud Coordinator.
- (3) Case activity should be suspended according to procedures in your functional chapters of IRM 5.19, Liability Collection, and schedule follow up in 60 days.
- (4) Campus Examination will accept or decline a fraud lead within 21 days of receipt in accordance with IRM 4.19.10.4.5, Responsibilities of the Campus Fraud Coordinator (CFC).
- (5) If the lead is declined, the reason for the declination will be provided to the CFFC and returned to the initiator through the employee's manager. The normal case processing will resume.
- (6) If the Campus Examination Fraud Coordinator accepts the fraud lead for further development of the fraud issue(s), the case resolution will be suspended pending the assertion of the civil penalty. Refer to your respective functional chapter of IRM 5.19, Liability Collection, for procedures.

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## Exhibit 25.1.11-2 (07-26-2021)

## Fraud Referral Summary Check Sheet

**FRAUD REFERRAL SUMMARY CHECK SHEET**

TAXPAYER: \_\_\_\_\_ TIN: \_\_\_\_\_

All applicable documents must be attached.  
The case file should be prepared top to bottom in the following order:

- ☐ Form 11661-A – Completed by Campus Functional Fraud Coordinator
- ☐ Fraud Indicator Check Sheet
- ☐ ACS/AMS History
- ☐ SUMRY
- ☐ TXMOD(s) (all periods)
- ☐ ENMOD
- ☐ IMFOLI
- ☐ BMFOLI (if applicable)
- ☐ AMDIS (if open)
- ☐ IRP Docs (all pages, unless more than 20 pages and then only summary needed)
- ☐ Copy of Original Return (if secured)
- ☐ Asset/Locator Research
- ☐ Must show a minimum of three phone attempts in history (if no contact made)
- ☐ All Taxpayer Correspondence and third party records
- ☐ For Unfiled Returns Only: Form 3449, Referral Report, is also required with notation in Block 7 stating "Indications of Potential Fraud, request field investigation."

EMPLOYEE NAME	EMPLOYEE NUMBER	TELEPHONE NUMBER

DATE	ACTION	APPROVER	TELEPHONE

