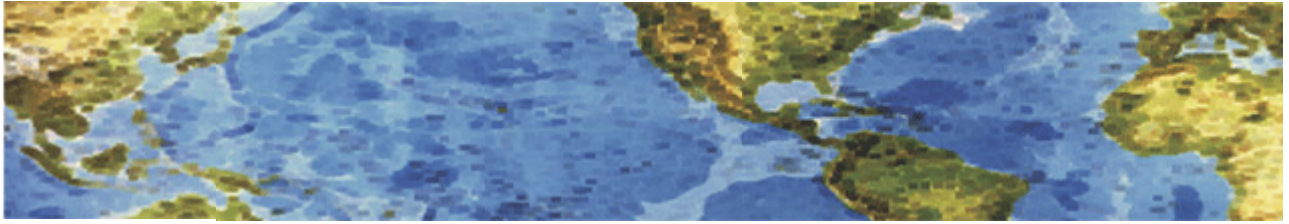




HALL ASSOCIATES



Risk-Based Decision Making Commentary

5 February 2014 Newsletter



File Your Taxes Before the Fraudsters Do

Jan. 31 marked the start of the 2014 tax filing season, and if you haven't yet started working on your returns, here's another reason to get motivated: Tax fraudsters and identity thieves may very well beat you to it. According to a 2013 report from the Treasury Inspector General's office, the U.S. Internal Revenue Service (IRS) issued nearly \$4 billion in bogus tax refunds in 2012. The money largely was sent to people who stole Social Security numbers and other information on U.S. citizens, and then filed fraudulent tax returns on those individuals claiming a large refund but at a different address.

There are countless shops in the cybercrime underground selling data that is especially useful for scammers engaged in tax return fraud. Typically, these shops will identify their wares as "fullz," which include a consumer's first name, last name, middle name, email address (and in some cases email password) physical address, phone number, date of birth, and Social Security number.

Many such web sites cater to tax fraudsters, as evidenced by their advice to customers of the service, which can be used to find information that might help scammers establish lines of credit (PayPal accounts, credit cards) in someone else's name. For example, one site states: "You can use on paypal credit, prepaid cards etc. After buying try to search by address and u can see children, wife and all people at this address," the fraud shop explains, advising customers on ways to find the names and additional information on the taxpayer's children (because more dependents mean greater tax deductions and higher refunds): "It's great for tax return method, because u can get \$\$\$ for 'your' children."

This particular site is not unique; **it currently offers fullz information on more than 13,000 U.S. citizens.** As such it is just an example, and a small one at that. In 2011, Brian Krebs wrote about a similar "fullz" service called Superget.info, which sold information on hundreds of thousands (maybe millions) of Americans. In October 2013, he reported that this same Superget.info service actually bought its information from a company that was purchased by Experian, one of the three major credit bureaus.



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If you become the victim of identity theft outside of the tax system or believe you may be at risk due to a lost/stolen purse or wallet, questionable credit card activity or credit report, etc., you are encouraged to contact the IRS at the Identity Protection Specialized Unit, toll-free at 1-800-908-4490 so that the IRS can take steps to further secure your account.

That process is likely to involve the use of taxpayer-specific PINs for people that have had issues with identity theft. If approved, the PIN is required on any tax return filed for that consumer before a return can be accepted. To start the process of applying for a tax return PIN from the IRS, check out the steps at <http://www.irs.gov/uac/Identity-Protection> (see below) You will almost certainly need to file an IRS form 14039 and provide scanned or photocopied records such as a drivers license or passport.

<http://krebsonsecurity.com/2014/02/file-your-taxes-before-the-fraudsters-do/>

<http://www.irs.gov/uac/Identity-Protection> (Partial Page)

The IRS is committed to working with taxpayers who are the victims of identity theft. The IRS has taken numerous steps to combat identity theft and protect taxpayers. We are continually looking at ways to increase data security and protect taxpayers' identities with assistance from our Identity Protection Specialized Unit. Identity theft cases are among the most complex ones we handle. We know identity theft is a frustrating process for victims. We take this issue very seriously and continue to expand on our robust screening process in order to stop fraudulent returns and protect innocent taxpayers. On this page, you will find a wide range of information. Depending upon your personal circumstances, the information found here will cover a variety of scenarios involving identity theft, ranging from contacting us with a case of identity theft to providing tips to help keep your records safe.

The Federal Trade Commission has a page on uncovering and dealing with Tax Identity Theft
<http://www.consumer.ftc.gov/articles/0008-tax-related-identity-theft>

TAX IDENTITY THEFT
AWARENESS WEEK



An identity thief may use your Social Security number to get a tax refund or a job. Contact the IRS if they send you a notice saying their records show: you were paid by an employer you don't know or more than one tax return was filed using your Social Security number