

The Honorable Eric H. Holder  
Attorney General  
The Honorable Michael J. Astrue  
Commissioner of Social Security  
The Honorable Douglas H. Shulman  
Commissioner of Internal Revenue

Dear Mr. Attorney General, Commissioner Astrue and Commissioner Shulman:

I write to you today to express my serious concerns about the increasing occurrence of tax fraud resulting from identity theft.

On November 29, 2012, a Government Accountability Office (GAO) report pointed to over 600,000 incidents of tax fraud related to identity theft in 2011, more than double the previous year. More troubling, the report suggests that this finding represents only a fraction of the overall fraud perpetrated against taxpayers. In July 2012 the Treasury Inspector General for Tax Administration found 1.5 million tax returns with potentially fraudulent refunds in 2011, representing \$5.2 billion in losses to the Treasury. The Inspector General further pointed to a growing problem, estimating \$21 billion in fraudulent refunds over the next five years.

I have heard first hand of this issue in Pennsylvania. In Berks County, the District Attorney, John Adams, has called tax fraud “the single most profitable” crime in his jurisdiction. He has written that much of the identity theft tax fraud in his region is perpetrated by organized criminal groups. These groups have turned their efforts from other crimes, such as drug trafficking, to focus on tax fraud, which is easier and is less likely to result in serious criminal penalties. His message to the federal government is clear—give him and other prosecutors the tools necessary to crack down on these crimes.

In response, I have looked into the federal government’s a role in cracking down on identity theft. In conversations with each of your agencies, I understand that you have begun to take steps to prevent this fraud. Examples of these efforts include:

- The Department of Justice creating expedited review procedures for stolen identity refund fraud cases, and issuing a directive allowing local U.S. Attorneys’ Offices to begin prosecution of these cases without prior authorization.
- The Social Security Administration reducing the amount of information in its Death Master File releases.
- The IRS creating filters to search tax returns for indicators of fraud.
- The IRS working with victims of identity theft to help them recover stolen refunds and prevent future fraud based on their identity.

While these efforts are a good start towards addressing identity theft tax fraud, large holes remain that allow this fraud to continue. It is clear a more comprehensive approach is needed. Identity theft tax fraud is a multi-faceted problem, requiring active cooperation between your agencies. It is my understanding that there have been some ad hoc cooperative efforts, however I believe that a dedicated, ongoing taskforce is needed. Such a taskforce would allow your agencies to better share information and make the best use of limited resources.

Preventing this fraud will require a combined response from your agencies in consultation and cooperation with local officials and law enforcement. In order to properly coordinate this response, I ask that you create a multi-agency taskforce aimed at eliminating identity theft tax fraud. I ask that you each name representatives to this taskforce, so that it can begin its work as soon as possible. This taskforce should regularly report to Congress on efforts—both by individual agencies and cooperatively— to combat identity theft tax fraud. The taskforce should also seek input from your agencies, their respective Inspectors General and local law enforcement in order to make recommendations on combating this fraud. Congress will also have a role to play in eliminating this fraud, and the taskforce will be well-placed to recommend legislative changes

Identity theft tax fraud has created serious problems for victims whose identities have been stolen, and has cost taxpayers billions of dollars at a time when our Nation is facing serious fiscal challenges. I look forward to working with you to prevent this fraud.

Thank you for your attention to this request.