

# Emerging Trends in Refund Fraud

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WSATA – October 2013



# Patterns Discovered Over the Years

- Multiple Refunds to the Same Address
- Multiple Refunds to the Same Bank Routing Number and Account Number
- Same E-Mail Address and ULS Address
- Same IP Address

# 2013 Tax Season

- EARLY IN THE TAX SEASON WE SAW
  - Tax Returns with New Mexico Resident's Actual
    - Names
    - Identification Numbers
    - Addresses
  - Using Real New Mexico Employers
  - Long Term Filers vs First-time Filers
  - Filing Status
  - Wages

# 2013 Tax Season

- DURING THE TAX SEASON WE SAW TAX RETURNS
  - Married Filing Jointly
  - Same Sex Marriages
  - 9.5% Withholdings
  - One W-2 with Multiple State Withholdings
  - SEC Companies used as Employers
  - Majority First-time Filers

# 2013 Tax Season

- CURRENTLY IN THE TAX SEASON WE CONTINUE TO SEE TAX RETURNS
  - First-time Filers
  - Filing 2010 and 2011 Tax Returns
  - Out-of-State Returns
  - Office Telephone calls regarding Refund Information

# Refund Mills:

## DOLLARS STOPPED

### Last Year and Current Year

<u>Year</u>	<u>Dollars</u>	<u>NM PIT Returns</u>
2012	\$3.82 million	2,290 returns
2013	\$6.06 million	2,642 returns
% Increase	59%	15%

# Prior Refund Mills Identified

Name of Refund Mill	Tax Year	Number of Returns Identified	Refund Amount Requested	Refund Amount Paid Out	Refund Amount Stopped
Mailinator Refund Mill	2009	265	\$ 716,664	\$ 31,911	\$ 684,753
2010 Fed-State Refund Mill	2010	230	\$ 413,220	\$192,517	\$ 220,703
2011 CA/NM/NY Refund Mill	2011	2,031	\$3,521,561	\$ -	\$ 3,521,561
TOTALS			\$ 4,651,445	\$ 224,428	\$ 4,427,017

# Areas of Success

- Communication with Other TRD Divisions
- Communication with Other States
  - Member of Suspicious Filer Exchange Program
- Communication with IRS (CI MOU)
- Information Technology Upgrade
- Access to Death Index Data
- Reporting and Scoring Technology



# New Mexico Future Initiatives

- Establish a Questionable Refund Unit (QRU)  
Effective Detection of Refund Mills
- Invigorate Fraud Referral Program
- Enhance Collaboration of TRD Bureaus-  
TFID, ACD, RPD and IT
- Enhance Capture and Reporting Tools