



Taxes & Scams, Ham & Eggs

I miss the days when the biggest scam I had to worry about was a piece of junk mail stating I may have just won \$1 million. Or, the email from a “friend” asking if I could send \$1,000 to his stranded sister in Africa. Those deceptions were easily spotted and discarded. But, the criminals keep upping the ante with more elaborate schemes.

Recently, scammers have advertised false claims of “free money” from the IRS. For a fee, they will help you file a tax return to claim a refund you are not entitled to. By the time you discover the truth, the scammer has taken his fee and is long gone. These days, taxes and scams seem to go together like ham and eggs. Given the power the IRS has over our lives, this is not surprising and con artists are more than ready to take advantage of our already heightened emotions.

A particularly effective scam has reared its ugly head this tax season. Treasury Inspector General for Tax Administration (TIGTA) J. Russell George says, “This is the largest scam of its kind that we have ever seen.”

The fraud appears so sophisticated and easy to fall for, we thought passing it along to you is ink well spent.

Ironically, the scam does not start out as an internet fraud but rather as a phone scam, which may make us relax a bit and let our guard down. It is important that we educate ourselves about this as many have already fallen prey to this scam. A phone call to unsuspecting victims is how the scam begins. The scammers tell you that you owe taxes and must pay now with a pre-paid debit card or by sending funds via a wire transfer.

This scam is so effective because the caller ID indicates the call is originating from the IRS. In addition, the caller knows and recites the last four digits of your social security number. Other common ploys used in this scam include:

- Common names and phony IRS badge numbers are used to identify the caller.
- Bogus emails are sent after the initial phone call.
- Threats of arrest, deportation, or revocation of the victim’s driver’s license are issued.
- Follow up phone calls are placed pretending to be other government authorities such as the police department or department of motor vehicles. These phone calls also show the caller ID to be coming from these entities.

People unable to care for themselves and perhaps least able to afford the losses, are most susceptible to frauds of this type. Intimidation and threats can be unnerving, especially when you are caught off guard and being pressured over the phone by an experienced con artist.

So what is the best way to defend yourself against a scam like this?

First, know how the IRS typically communicates with taxpayers:

- The first communication is likely to occur by mail – not phone or email.
- The IRS may want your money, but it will not ask for payment by pre-paid debit cards or wire transfers. Nor will it ask for your credit card number over the phone.



- The IRS will never request personal or financial information by email, text, or any social media.

Furthermore, if you receive a call of this nature, hang up the phone and ignore any follow-up emails in order to stop the scam before it starts.

After all, when is the last time the police department or department of motor vehicles communicated with you via email?

You can also report the incident to TIGTA by calling 800-366-4484 or to the Federal Trade Commission at www.FTC.gov and specify "IRS Telephone Scam" in your comments.

While on the topic of IRS-related scams, one from several years ago deserves mention. Fraudsters mailed letters to the unsuspecting using fictitious bank stationary with fake IRS forms attached. They then required the forms be completed and returned with personal information in order to avoid having taxes withheld on the bank account's earnings. Needless to say, there were no real accounts or earnings, only the opportunity to be a victim of identity theft.

These are not the last scams we will ever face, but this phone scam alone has already ensnared thousands of victims who have collectively lost over \$1 million. Please don't let yourself or someone you care about be the next victim. 



Robert A. McCormick
Sr. Exec. Vice President & COO