



STATE OF CALIFORNIA
Franchise Tax Board

Fraud Update

Identity Theft Refund Fraud



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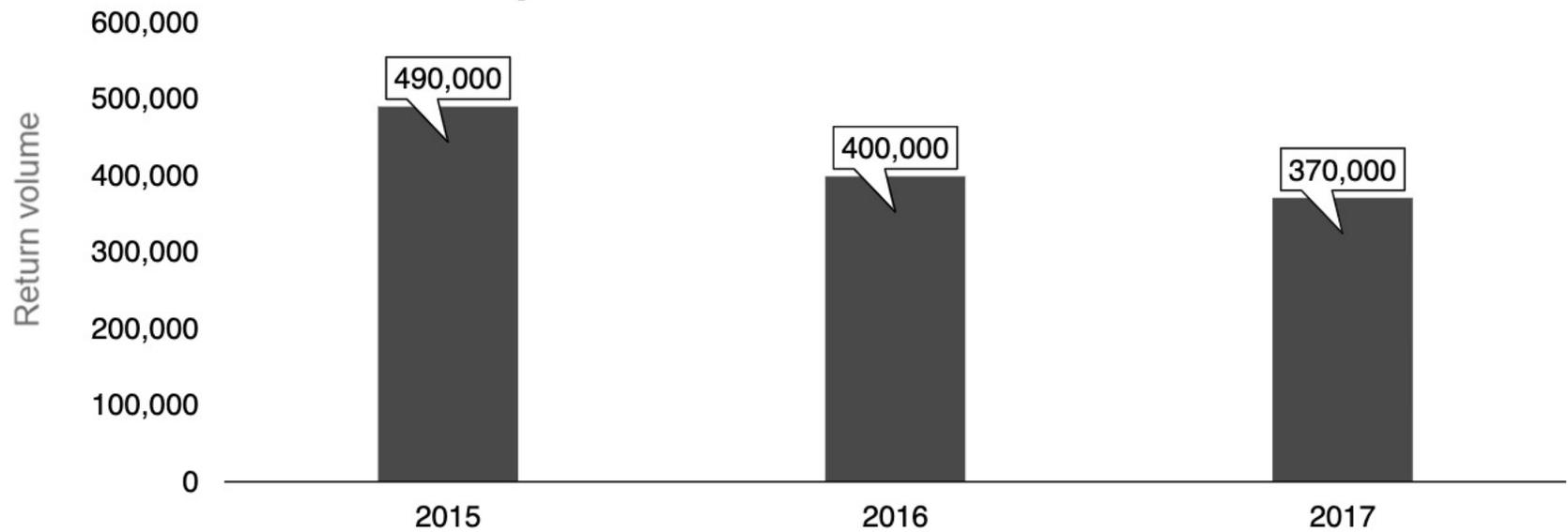
Fraud Update

Identity Theft and Taxes

- Stolen personal information used to commit fraud
- Most common types of ID Theft
 - Refund Fraud
 - Working Under an Alias
 - Fictitious Employer
 - Synthetic Identity Theft

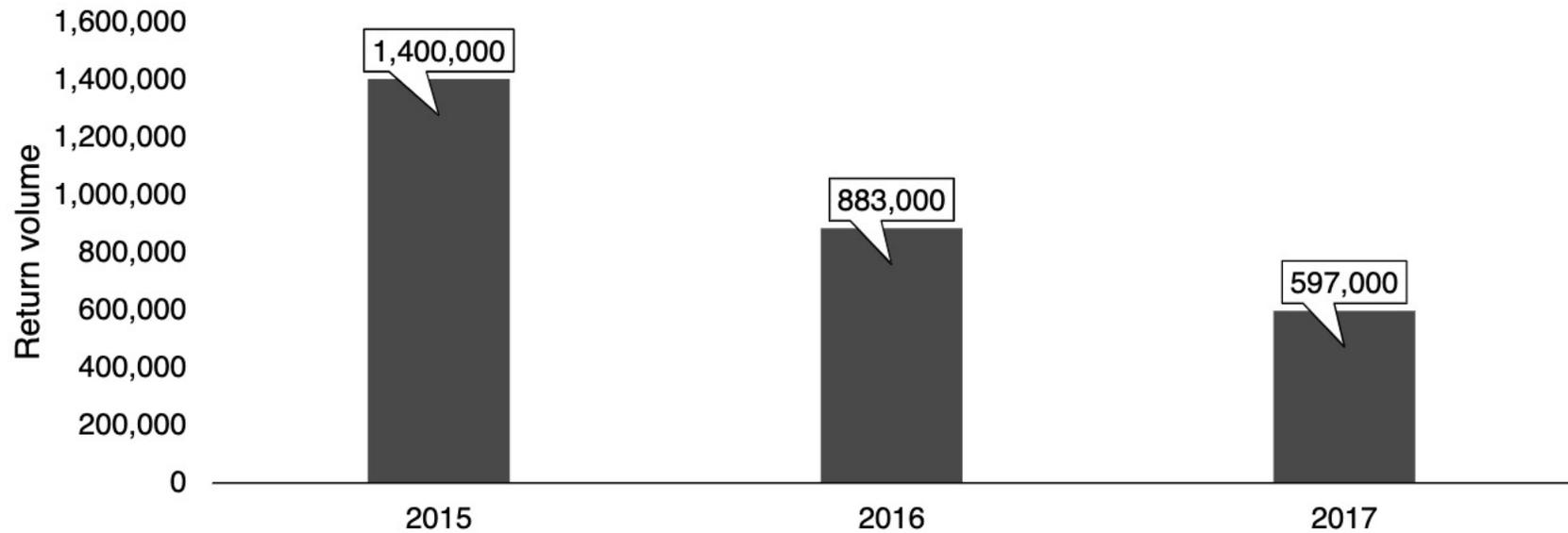
National Trends

Federal Trade Commission (FTC): Reports of e-related ID Theft



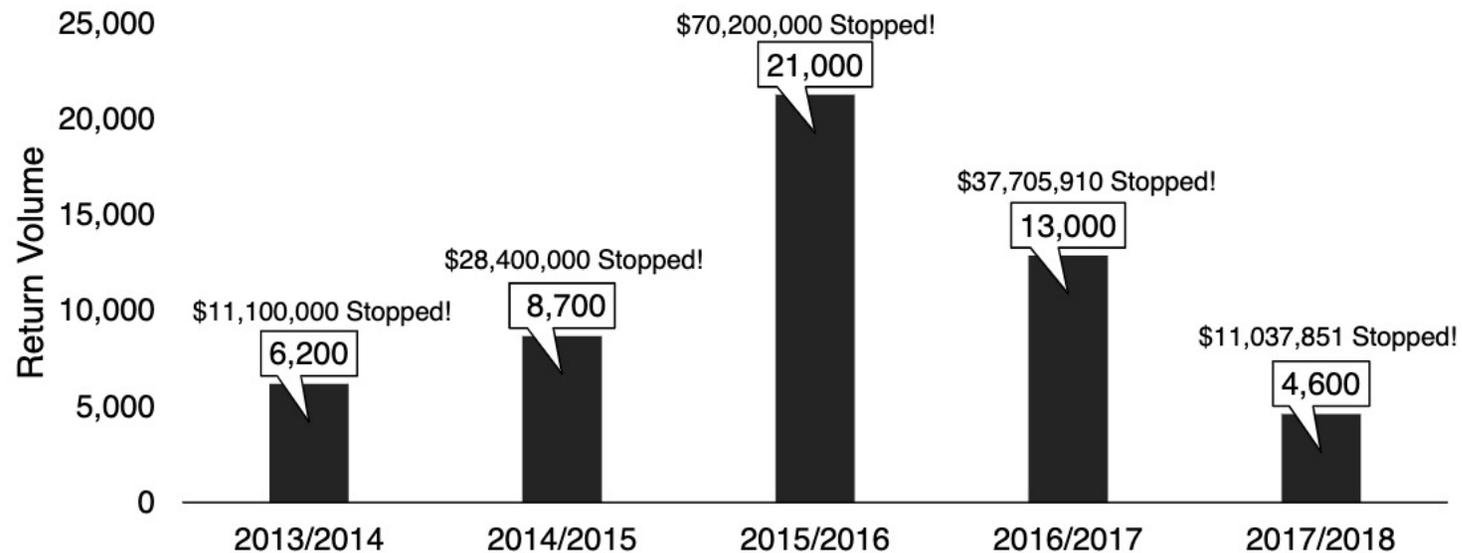
National Trends

Internal Revenue Service (IRS): Confirmed ID Theft



California Trends

FTB ID Theft Refunds Identified and Stopped



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Impacts to Victims

- The criminal agenda:
 - Credit Card Fraud
 - Medical/Disability Fraud
 - Benefit Fraud
 - Tax Refund Fraud in other states
- Additional documentation required
- Delay in refunds

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Impacts to FTB and California

- Increased processing times
- Additional operating costs
- Impacts State General Fund

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Strategic Approach to Fraud

- Dedicated Staff and Call Center
- Predictive Models
- Case Management System
- Education and Outreach through website
- Nationwide partnering

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National Partnering

- IRS Security Summit Teams
- IDT Information Sharing and Analysis Center (ISAC)
- Building strong partnerships:
 - IRS
 - Other States
 - Software vendors
 - Financial Institutions

Fraud Update

Looking to the Future

- Continue to monitor trends
- Adapt as fraud schemes change
- Remain diligent and agile

Questions?