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

<table>
<thead>
<tr>
<th>Year</th>
<th>Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>490,000</td>
</tr>
<tr>
<td>2016</td>
<td>400,000</td>
</tr>
<tr>
<td>2017</td>
<td>370,000</td>
</tr>
</tbody>
</table>
National Trends

Internal Revenue Service (IRS): Confirmed ID Theft

Return volume

2015 2016 2017
California Trends

FTB ID Theft Refunds Identified and Stopped

Return Volume

- 2013/2014: $11,100,000 Stopped!
  - Return Volume: 6,200
- 2014/2015: $28,400,000 Stopped!
  - Return Volume: 8,700
- 2015/2016: $70,200,000 Stopped!
  - Return Volume: 21,000
- 2016/2017: $37,705,910 Stopped!
  - Return Volume: 13,000
- 2017/2018: $11,037,851 Stopped!
  - Return Volume: 4,600
Fraud Update

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
Fraud Update
Impacts to FTB and California

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

Strategic Approach to Fraud

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

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?