



# FTA Awards Nomination/Entry Form

## Person who led this effort or project

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## About your program, idea, or project

**Name your program, idea, or project:** Criminal Investigation Division Community Working Group for FTA Members

### What is the problem that you wanted to solve?

State tax authorities with criminal investigation divisions did not have a forum to develop valuable relationships and establish a network to share emerging tax fraud trends, provide lessons learned and best practices developed from criminal investigations and successful criminal prosecutions, including investigative techniques, sources for impactful criminal tax investigations, partnering with federal, in-state and other state agencies, and tools such as emerging AI capabilities. This forum also provides opportunities for agencies to share success stories establishing and optimizing a criminal investigation division and steps others have taken on this journey.

Many federal and state tax authorities see the value that aggressive criminal enforcement brings to an effective and well-regarded voluntary tax system. Ultimately any voluntary tax system at the federal or state and local level depends on the trust and confidence of the citizens taxed, as without citizen taxpayers following enacted tax laws to timely file and pay taxes due, the voluntary tax system collapses and cannot be administered to fund the government. While fair and understandable tax laws are essential to an effective voluntary tax system, so is citizen taxpayer confidence that the tax system is being fairly administered so that non-compliant taxpayers are found, held accountable and face consequences for noncompliance. Audits and other compliance checks contribute to addressing noncompliant taxpayers to some extent, but more egregious noncompliance requires effective criminal investigation, prosecution, convictions and sentencing to deter other potential “bad actors” from committing similar crimes. More importantly, for the vast majority of honest, compliant citizen taxpayers, successful criminal prosecutions give good taxpayers confidence that noncompliant taxpayers will be held accountable (said another way, honest taxpayers are not “dopey stooges” who are wasting their time and money trying to faithfully meet their tax compliance obligations while their friends, neighbors and business associates substantially under-report income and underpay taxes due with no adverse consequences). A voluntary tax system will only be respected and followed if the taxing jurisdiction is invested in minimizing and correcting noncompliance by its taxpayers. A balanced tax administration program that provides service to taxpayers, takes appropriate compliance actions when necessary to collect revenue, and takes all possible steps to enhance taxpayers’ voluntary compliance with the tax system.

### Who was involved in addressing the problem?

John Fowler came to his current position as Chief, Criminal Investigation (CI), after a 30-year career in law enforcement with the IRS’ Criminal Investigation Division and the Treasury Inspector General for Tax Administration, as well as management roles in a couple other organizations. With only a handful of Special Agents in the CI group and few cases in active numbered investigations, John was challenged by his supervisor to increase the productivity and the value added to the DC Office of Tax and Revenue by CI. John quickly used his cumulative contacts and relationships in law enforcement and the IRS to re-activate and re-invigorate relationships with investigation lead sources at the IRS, the US Attorney’s office in DC,

the DC Attorney General and the DC Office of the Inspector General (OIG) to increase the flow of potential case referrals and investigation partnering opportunities for CI's Special Agents. John also directed his Special Agents to enhance their participation on the District of Columbia, Eastern District of Virginia and the District of Maryland U.S. Attorney's Offices Suspicious Activity Reports Teams which has proven to be an excellent source for leads of potential criminal tax cases for the District of Columbia.

Once case referrals began increasing, John wanted to better understand how CI criminal investigations are staffed and conducted in various state agencies. John followed up with Keith Richardson, Deputy CFO and head of the DC Office of Tax and Revenue, who recommended he consider launching a subgroup within the Federation of Tax Administrators (FTA).

John reached out to FTA General Counsel, Brian L. Oliner, who was delighted to see a member like DC interested in launching this subgroup. Brian has provided leadership and support to help John to establish this Community by announcing this launch to FTA members last year and inviting interested members. This Community currently has 102 members, representing 44 FTA members.

Membership is open to any employee of an FTA member, though most are connected to criminal tax enforcement such as a law enforcement agent, investigator or auditor. Community members are encouraged to contribute to developing the quarterly agenda which includes internal and external presentations. The Community recently heard from a professor from the University of Virginia share the evolving capabilities of artificial intelligence (AI) that support law enforcement and investigations. Attached to this nomination is this professor's presentation which was quite timely and valuable to the group.

This Community also recently heard from several member presenters who shared the critical importance for criminal tax investigators to be sworn law enforcement officers/agents for the safety of the agents and the public. These presentations also reviewed tools required to effectively investigate criminal tax violations, including the authority to swear warrants and to serve and execute search warrants.

**How did they go about finding a solution?**

The FTA Criminal Tax Investigative Working Group (Working Group) supports the FTA mission “To provide members with the knowledge, tools, and relationships in support of tax administration which furthers voluntary compliance while preserving, protecting and enhancing tax revenue”. More specifically, the purpose of the Working Group is to develop and strengthen strategic partnerships; share criminal tax compliance challenges and emerging issues; identify effective criminal tax enforcement best practices; and share effective outcome metrics and work force strategies to enhance voluntary compliance with tax laws for participating jurisdictions.

This Working Group has also been useful to identify common trends among the various participating members and to make the group aware of key areas that deserve focus. For example, between September and December,2024, the group surveyed member tax authorities to determine how many members had active criminal investigation (CI) divisions; their statutory authority to conduct criminal investigations, swear out affidavits, serve search and seizure warrants; and carry firearms and make arrests. The survey results from nineteen members responding showed that eleven members’ CI groups have sworn law enforcement authority, and the average number of CI Special Agents reported was twelve but ranged from as few as three to as many as forty.

For the eleven members that have statutory law enforcement authority a few highlights revealed:

- ☒ Investigators in the unit: Average: 9; Range: 3 to 40
- ☒ Years of Law Enforcement Experience: Average: 15 years; Range: 8 to 20 years
- ☒ Cost of Equipping Investigators: Average \$2,800; Range: \$600 to \$5,000
- ☒ Number of Investigations Completed per year: Average: less than 10

These survey results were helpful for the group members to see what capable and effective criminal investigation divisions look like. These results have generated interesting discussions during the working group's meetings from members who are expressing the need to use these survey results on law enforcement capabilities as a model to either build or enhance their law enforcement authority in their respective member jurisdictions to be an effective, diverse, and sustainable criminal investigation division.

Members also reported that this survey data gave them an independent source to make a business case to their tax authority for their Special Agents to have statutory law enforcement authority and be equipped and trained with the necessary tools to accomplish a criminal investigation mission.

Criminal investigation divisions without these capabilities increase the threat to their agents/investigators as well as the public. Agencies without full police authority must rely on other sworn law enforcement partners to assist with investigative techniques that are critical tools to conduct criminal tax investigations, such as interviews with potentially dangerous witnesses; surveillances; serving search warrants and making arrests. A lack of statutory law enforcement authority consistently delays completing criminal investigations because frequently it is not a priority for a partner law enforcement agency to support another CI group.

During a recent Working Group meeting, the New Mexico Taxation & Revenue and the Texas Comptroller of Public Accounts, Criminal Investigation Division, made presentations regarding steps their agencies took to obtain statutory law enforcement authority and the critical importance for full police powers to deliver their criminal investigative mission. Attached are these two presentations which demonstrate the quality of information being shared with the working group.

Attached are 2 PDF/ PowerPoint presentations from NM and Texas Comptroller's Office that was apart of the original discussion on establishing this group.

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**Describe the outcome. What is the new idea, approach, program, or activity?**

The Working Group has strengthened strategic partnerships by providing a forum to share criminal tax compliance challenges, emerging issues, identifying effective enforcement best practices, effective outcome metrics and work force strategies to enhance voluntary compliance with tax laws for participating member jurisdictions. All of this has underscored the importance of a balanced compliance approach for tax administration that includes fraud referrals from the agencies’ audit and collection divisions.

The Working Group also highlights key areas that state tax authorities need to consider as emerging criminal tax threats and state of the art tools that are being used, such as emerging AI capabilities to support criminal investigations.

**What has changed since this was implemented? How have your operations improved? Include any data, analytics or metrics that would show the value of your program. Don't forget management advantages such as improved morale.**

What has Changed Since the Community was Established?  
The participants have given overwhelming positive feedback concerning the value of this Working Group for providing current trends, highlighting investigative challenges, providing lessons learned and useful techniques. Members have seen that this timely source of agency information can enhance the delivery of their respective investigative missions.

**Is there any component of your program that makes it workable only in your state or city?**

Everybody ought to be doing this.

**Is this an in-house project, or did you partner with an outside vendor or service-provider?**

100% in-house

**Additional information or comments about your usage of outside vendors or service providers.**

N/A

**What comes next – will you be adding to your program, rolling it out more widely, trying additional approaches?**


This Working Group will continue to meet every quarter to provide a forum to share challenges and to develop and strengthen strategic partnerships; share criminal tax compliance challenges, and emerging issues; and identify effective enforcement best practices, effective outcome metrics and work force strategies to enhance voluntary compliance with tax laws for participating jurisdictions. This Working Group will also bring to the attention of their respective state tax authorities evolving criminal tax threats,


such as increasing business fraud schemes, which, if unchecked, will erode voluntary tax compliance and negatively impact tax administration’s collection of revenue.  
This forum will be even more valuable going forward for the members to share their experiences and the impact of the downsizing and other changes at the IRS, as well as to opine on their member agency’s strategy to address these changes.

## Additional Optional Materials

**Website/Documentation URL (Must be publicly accessible)** <https://vimeo.com/1070425021/fb3013aed2?share=copy>

### Documentation Upload

 Criminal Investigations Law Enforcem... .pdf

 State Police Authority Texas.pdf