

IRS-Criminal Investigation Unit Celebrates 100 Years

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This year, the Internal Revenue Service - Criminal Investigation (IRS-CI) will celebrate 100 years of dedicated service since the creation of the organization in July 1919. Upon creation of the unit to investigate widespread allegations of tax fraud, United States Post Office Inspectors were transferred into IRS for purposes of carrying on this function in what became the “Special Intelligence Unit.” The position was eventually changed to IRS Special Agent and the unit name changed over time (currently Criminal Investigation [CI]). Initial tax enforcement pertained to narcotics and liquor sales, then changed over to federal income taxes. From inception through the present date, the IRS is the only federal agency that can investigate potential criminal violations of the Internal Revenue Code. This has always been the primary role: to ensure the integrity and fairness of the United States tax system. Absent the enforcement arm (CI) to carry out this function, tax evaders would not be faced with criminal charges that can serve as a great deterrent from violating the system. Therefore, the role of the IRS Special Agent is vital in order to carry out the mission of the bigger organization. The tax-paying public needs to know that criminal penalties and/or jail time can result from any attempt to beat the system.

The skill set required by the IRS Special Agent is unique to law enforcement. Taking steps to prove an egregious attempt to evade the tax code is a tenacious task in and of itself. Financial training and methodical application are necessary to catch the white-collar criminals who were untouchable in years past. Faced with accountants and scrutiny of their books and records, who would ever think that an Al Capone from the 1930’s, or CEO of today, would fear jail time from an IRS Special Agent? Over the years, the skills acquired and developed by this unique law enforcement agency became a sought-after component at battling crime beyond tax evasion. The IRS Special Agent became a respected member of law enforcement task forces at the federal, state, and local levels. CI's statutory jurisdiction expanded to include money laundering and currency violations. The

profit motive identified in crimes from identify theft, narcotics trafficking, and public corruption (to name a few) necessitated financial expertise to battle these crimes.

A small sample of the notable mobsters, crooked politicians, and white-collar criminals of the past include Al Capone, Waxey Gordon, Dutch Schultz, Leon Gleckman, Nucky Johnson (of Boardwalk Empire Nucky Thompson fame), Johnny Torrio, and Tom Pendergast.

Everyone remembers Al Capone, with fresh insight into his Chicago empire portrayed in the movie *The Untouchables* in 1987. Although Kevin Costner was the star portrayed as the Bureau of Prohibition agent (now ATF) who took down Capone, it was income taxes that got him convicted. The IRS Special Agent (referred to as T-Men) discovered Capone had not been filing his income taxes, and they provided an undercover agent to get inside the organization. Over three years, the T-Men picked away at Capone's well-insulated empire, risking their lives while gathering evidence of a financial crime. The outcome of this major investigation would impact the voluntary compliance of our tax system for years to come. Gangsters accumulating wealth from the sale of liquor, narcotics, child pornography, and the like, could be defeated from neglecting our tax system, thereby subjecting them to violations under Title 26. The Capone investigation received even more attention last year. A relative was interviewed [Dr. Marty Dolan] on the Fox Business show *Strange Inheritance* where he introduced documents he inherited from his great uncle Mike Malone, the long-term undercover agent assigned to Capone et al.

Another highly publicized case of the past demonstrates the respect for the tenacity of the IRS Special Agent as the organization was asked to assist in the Lindbergh kidnapping case in 1932. The 20-month old baby of Charles and Anne Lindbergh was tragically abducted from their home. This was followed by ransom notes, speculation, investigation, and searching for the small child. Most have read about the horrific crime, encapsulating the methods used by the FBI to find the child and capture the kidnapper. However, most do not know about the involvement of the T-Men as CI agents. The make-up of the ransom money became the key to detection as the T-Men suggested the use of unique gold certificates. They took hours to record each and every serial number for purposes

of tracking the certificates. These numbers were circulated to area businesses. A fuel transaction paid for by one of the notes led to the capture and subsequent conviction of the kidnapper, Bruno Hauptmann.

Notable individuals who have been investigated by CI include Leona Helmsley, Heidi Fleiss, Wesley Snipes, Willie Nelson, former New York Governor Elliott Spitzer, Swiss financial giant Credit Suisse, Bernie Madoff, fourteen current and former leaders of soccer's international governing body FIFA, and former Speaker of the House Dennis Hastert. Just last month, New York City publicized a news-worthy federal tax conviction. The executive director of the Friars Club, a Manhattan institution long known for its celebrity roasts and hangout for entertainers like Frank Sinatra, pleaded guilty to having filed false income tax returns.

IRS Special Agents are proud of their forensic accounting skills as well as their ability to employ those skills to catch the untouchables of the past. With this, many current and retired special agents are looking forward to CI's 100-year anniversary to re-visit the formation, progression, and accomplishments of this organization. The American Board of Forensic Accounting is thankful for every individual, past or present, who has served as an IRS Special Agent.

This momentous occasion will feature planned events in many IRS Field Offices nationwide including Washington D.C., San Francisco, Las Vegas, and Chicago. The Treasury Historical Association (THA) has been consulted for plans in Washington D.C., possibly using the famous Cash Room, known for its rich history. An annual CI retirement convention will be held in Northwest Washington D.C. to coincide with the 100th anniversary. The retired agents hope to meet and reminisce with some working agents, the CI Chief, and participate in tours and other planned activities. In the coming months the CI Chief will gather authorities from the Treasury and other agencies to meet and commemorate the occasion. Alcatraz is on the agenda in San Francisco with an afternoon tour and evening boat cruise. The Mob Museum, which opened in Las Vegas in 2012, will also host an event. The museum contains artifacts, stories, and history of organized crime in the United States as well as the methods used by law enforcement to prevent such crimes. The museum section, which highlights "following the money," provides a great representation of CI as well as their success in battling organized

crime. Chicago is the largest CI Field Office, where a media event is planned for the federal building downtown as well as an after-hours casual greeting venue with drinks and snacks.

The CI headquarters office has chosen a variety of 100th anniversary memorabilia that can be purchased through local CI Field Offices during the course of 2019. Items include, but may not be limited to: hats, mugs, lapel pins, T-shirts, and possibly a challenge coin. They also expect to add an article or other communication to the IRS.gov website for the general public to recognize the formation and history of the law enforcement arm of IRS. Lastly, press releases are expected to be held sporadically in major cities throughout the year. Talking points relating to CI history will come from the CI Chief, but there is a uniqueness with many of the Field Offices where particular investigations may be featured.

Activities are expected to be advertised locally with the CI media spokesperson (Public Information Officer) assigned to each Field Office responsible for this outreach.

For more information, please contact Mary Ruiz of the Association of Former Special Agents-IRS at maryruizafsa@gmail.com. You can also visit their website at www.afsa-irs.org