



**To:** Priests, Pastoral Coordinators, PAA's, and Principals

**From:** Dennis O'Leary  
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**RE:** IRS Tax Refund Fraud Leadership Update

**Date:** January 13, 2015

As tax season is upon us, it is important to be aware of recent developments in the tax fraud investigation. An updated Frequently Asked Questions (FAQ) document is being prepared and will be sent to you when it is finalized and posted at our website ([www.seattlearchdiocese.org](http://www.seattlearchdiocese.org)).

To highlight the most important developments:

1. Although we have not identified the specific source of the breach affecting the Archdiocese, we do know that members of our community have been the victims of a national tax fraud scheme. Indeed, approximately 5,900 individuals have informed us that they have had a fraudulent tax return filed in their name. We have confirmed that approximately 10% of those individuals **did not** provide us with a Social Security number in connection with a background check over the last nine (9) years, suggesting that there are some individuals whose information may have been compromised elsewhere. The Archdiocese has concluded its investigation, having explored the reasonable leads that we identified in our investigation. Although we have not found anything in our internal systems to suggest they were compromised, we still are committed to making sure that the responsible people are held accountable. As such, we continue to work cooperatively with law enforcement, and understand that they are continuing to investigate this incident as a high priority matter.

This type of crime is a national issue and has been escalating over the last several years. Recently, 60 Minutes did a story regarding this problem, and you can view that story on their website (<http://www.cbsnews.com/news/irs-scam-identity-tax-refund-fraud-60-minutes/>).

2. **According to the IRS, the best way to protect yourself from tax fraud on your 2014 return is to file your return as early as possible.** This will help minimize the likelihood that a criminal can file a false return in your identity. Filing an extension early will not have the same effect; the return must be filed.
3. Many Archdiocesan volunteers and employees who's Social Security Numbers were submitted to our prior background check vendor for the purpose of having a background check have recently received an Identity Protection Personal Identification Numbers (IP PIN) from the IRS. These IP PINs help the IRS verify a taxpayer's identity and accept their electronic/paper filing, thus preventing someone else from using a stolen Social Security number to file a false return

in the taxpayer's name. Accordingly, taxpayers who receive an IP PIN must use it to file their tax return. Here is a link to a sample copy of the CP01A letter that people may be receiving:  
[http://www.irs.gov/pub/notices/cp01a\\_english.pdf](http://www.irs.gov/pub/notices/cp01a_english.pdf)

Of note, there is information on what to do if you lose your IP PIN, which is included in a revised version of our FAQs.

If you or your parishioners received an IP PIN, it must be used to file a tax return in 2014. If you want to request an IP PIN to protect yourself, you can visit the IRS's Get An IP PIN on its website. The process may take time, and because these IP PINs are in high demand, may not result in your timely receipt of an IP PIN. Thus, if you have not received an IP PIN (or choose not to request one), you can still best protect yourself by filing your tax return early, as explained above. (If you file early, and then subsequently receive an IP PIN, you may be required to refile using the IP PIN).

4. Unfortunately, there is no general IRS contact point for all individuals who received an IP PIN. The following are links to more information regarding IP PIN's.

<http://www.irs.gov/Individuals/The-Identity-Protection-PIN-IP-PIN>

[http://www.irs.gov/Individuals/Frequently-Asked-Questions-about-the-Identity-Protection-Personal-Identification-Number-\(IP-PIN\)](http://www.irs.gov/Individuals/Frequently-Asked-Questions-about-the-Identity-Protection-Personal-Identification-Number-(IP-PIN))

5. If you believe that you are the victim of tax fraud for the 2014 year, you may want to consider filing a new IRS Form 14039. Keep in mind that filing of Form 14039 will likely cause processing time for your tax return to be longer and refunds will take longer to process. Again, the best approach is again file early.
6. We have selected a new background check provider, Trak-1, and have ceased asking volunteer applicants to provide us with their Social Security numbers. The new provider's Vice President of Operations leads the National Association of Background Screeners' committee on data breach prevention and helps to develop resources to protect the industry from data theft. Trak-1 maintains its own servers in a data center which has undergone a security audit and places an emphasis on protecting data from unauthorized access.
7. Our prior background check provider has informed us that it has removed all Archdiocesan Social Security numbers from its online database, and there is no central database, file, or repository within the Archdiocese that contains all the Social Security numbers for volunteers and employees who submitted background check forms.