



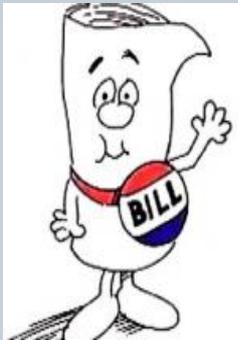
RRCE

**Revenue Recovery
and
Collaborative
Enforcement
Team Act**

BACKGROUND



- AB 576, Revenue Recovery and Collaborative Enforcement Team Act (RRCE) – pilot program 2013-19



- Created a multi-agency enforcement team to combat tax evasion related to the underground economy

- Governor's signing letter designated DIR as the lead agency of RRCE
- RRCE Team is comprised of a core group and an advisory component:
 - **Core:** FTB, BOE, EDD and California DOJ
 - **Advisory:** DIR, DOI, DCA, DMV and DHHS

LEGISLATIVE OBJECTIVES



1. Institutionalize collaboration among agencies to combat the underground economy through shared data/intelligence and joint/coordinated enforcement
2. Evaluate the benefits of a processing center to receive and analyze data, share complaints, and research leads
3. Provide participating and nonparticipating agencies with investigative leads where collaborative opportunities exist for felony-level criminal investigations
4. Measure performance by monitoring progress of enforcement collaboration, and evaluate processes and operations
5. Report outcomes and recommendations

RRCE Work Groups



- Collaborative Working Groups –
 - Steering Committee – Implement AB 576, create governance framework, monitor, evaluate program efficacy on an ongoing basis
 - Data Analytics – Develop a plan for a proof of concept
 - Intake System – Develop complaint intake system
 - Criminal Investigations – Investigate criminal cases

Steering Committee



Governance Framework Highlights:

- Core Team – investigate multi-agency felony tax evasion
- Leads – given to LETF, JESF, advisory agencies as appropriate
- Tax Recovery and Criminal Enforcement Task Force (TRaCE) adopted to operationalize enforcement
- Department of Industrial Relations –
 - Document implementation and monitor program activity
 - Ensure coordination to avoid overlap
 - Prepare report to legislature

UNDERGROUND ECONOMY

LETF / JESF

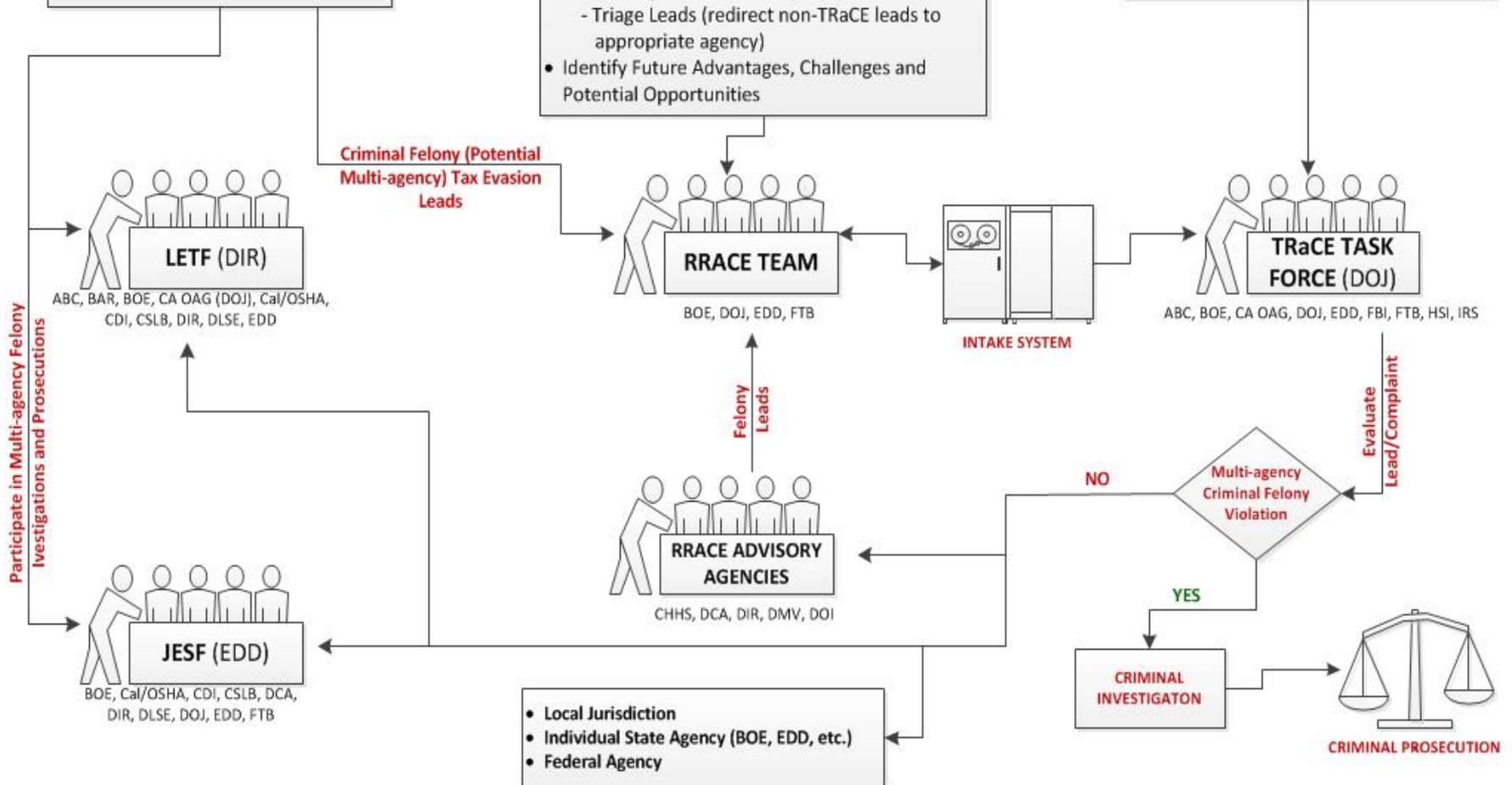
- Labor Law Focus
- Multi-agency Joint Enforcement Operations
 - Licensing
 - Wage and Payroll
 - Worker's Compensation
 - Workplace Health and Safety
- Information Sharing
- Data Matching
- Civil Violations

RRACE

- Tax Evasion Focus
- Deconfliction – DIR Oversight
- Legislative Reporting – DIR
- Legislative Recommendation – DIR
- Facilitate Data Sharing (only among RRACE TEAM agencies)
- Develop Plan for Central Intake (adopted TRaCE Intake System)
 - Provide Felony-Level Leads
 - Investigation Results Reported and Tracked
 - Triage Leads (redirect non-TRaCE leads to appropriate agency)
- Identify Future Advantages, Challenges and Potential Opportunities

TRaCE

- Criminal Enforcement
- Tax Evasion Focus
- Criminal Felony Violations
- Multi-agency Investigation /Prosecution (state, federal, local)
- Revenue Recovery
- Restitution/Asset Forfeiture
- Publicize Convictions (deterrent)



Data Analytics Workgroup

- Collaboration on MOU, Plan for Proof of Concept –
 - Program Staff
 - Investigations Staff
 - Information Security Officers
 - Disclosure Officers
 - Disclosure Attorneys

- DATA DRIVEN OPPORTUNITIES
 - ✓ Coordinated Outreach
 - ✓ Coordinated Joint Audits
 - ✓ Reduced No-Change Audits
 - ✓ Coordinated Enforcement
 - ✓ Intra-Agency Transparency

Business Intelligence
Predictive Analytics



Intake System Workgroup

- Collaborated on TRaCE website and complaint intake system –
 - Provides opportunity for the public and other agencies to submit complaints to TRaCE Task Force or a partner agency
 - Can submit complaint to website via computer or mobile device
 - Complaints not meeting felony or multi-agency felony criteria are referred to other agency as appropriate

CA.GOV California State Board of Equalization

Translate

RECAPTURING LOSERS
BRINGING LOSERS HOME

ARRESTING THE UNDERGROUND ECONOMY

TRaCE
TASK FORCE
TAX RECOVERY and CRIMINAL ENFORCEMENT

Home Team Collaboration Resources Announcements Report a Crime Enforcement

If this is an emergency or crime in progress, please call 911.

Report a Crime

The TRaCE Task Force investigates crimes affecting multiple agencies. You can report criminal tax evasion, piracy, counterfeiting, human trafficking and other crimes by clicking on the "Report a Crime Online" button below or you can complete a printed complaint form (click on "Report a Crime by Mail") and mail it to the address shown on the form. You can also report a crime by calling 1-855-234-9949 if you prefer to talk to a live person.

Report a Crime Online Report a Crime by Mail Report a Crime by Phone Toll Free 1-855-234-9949

Contact Us

If you would like to report a crime directly to **only one** of the partner agencies listed below, simply click on the agency's name to be directed to that department.

Partner Agencies

- ➔ ABC – Department of Alcoholic Beverage Control
- ➔ BGC – Board of Equalization
- ➔ DOJ – Department of Justice
- ➔ EDD – Employment Development Department
- ➔ FBI – Federal Bureau of Investigation
- ➔ FTB – Franchise Tax Board
- ➔ HSI – Homeland Security Investigations
- ➔ IRS – Internal Revenue Service

By reporting these illegal activities you help promote a unified front in reducing the underground economy that places an unfair burden on you and honest California businesses. Don't be a victim, report the crime!

Frequently Asked Questions

- ➔ What type of information is helpful to include when reporting a crime?
- ➔ Can the person I am reporting find out my identity?

Did You Know?
An estimated \$8.5 billion in owed corporate, personal income, and sales and use taxes goes uncollected in California each year.

Criminal Investigations Workgroup

- Tax Recovery and Criminal Enforcement Task Force – adopted by RRCE as enforcement
- TRaCE Executive Board – Chair/Vice Chair elected by member agencies annually
- Oversight – Deputy Attorney General, cross-designated as U.S. Attorney
- Day-to-day operational oversight – DOJ Task Force Commander



CA.GOV California State Board of Equalization Translate

TRaCE TASK FORCE
STOP HUMAN TRAFFICKING

STOP HUMAN TRAFFICKING

STOP HUMAN TRAFFICKING

Home Team Collaboration Resources Announcements Report a Crime Enforcement

Enforcement

TRaCE Cases

- [Ten Arrested: Thousands of Counterfeit and Pirated Disks Seized in Movie and Music Investigation](#)
- [TRaCE Assists in Bay Area Bribery and Brothel Case](#)
- [Underground Economy Task Force Cracks Down on Illegal Sales of Counterfeit Box Office Hit DVDs](#)
- [Vallejo Tobacco Wholesaler Arrested for Felony Tax Evasion](#)
- [Attorney General Kamala D. Harris Announces Arrest of Two Sisters Running San Francisco Sex Trafficking Ring](#)
- [Riverside County Retailer Sentenced for Sales Tax Evasion](#)

Media Clips

- [TRaCE Agents Seize Boxes of Counterfeit NFL Sports Apparel](#)
- [Multibillion Dollar Industry and California Doesn't See a Dime](#)

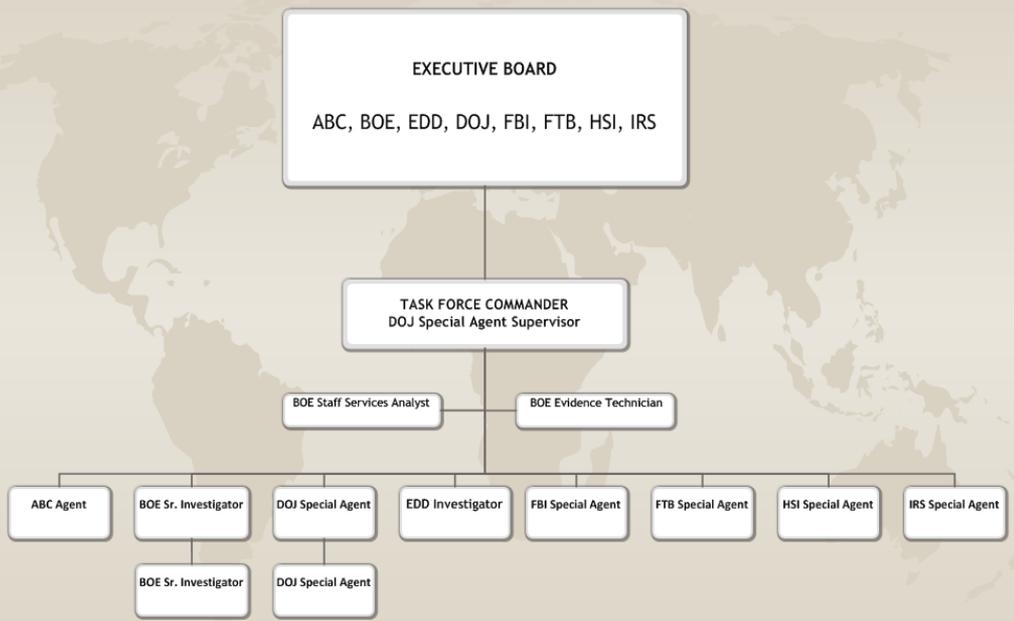
Recognition of TRaCE Achievements

[California Assembly Resolution](#)

The TRaCE Task Force is recognized for its excellent public service in combating the underground economy of California.

Congressional Commendation

Tax Recovery and Criminal Enforcement Task Force (TRaCE)
NORTHERN CALIFORNIA

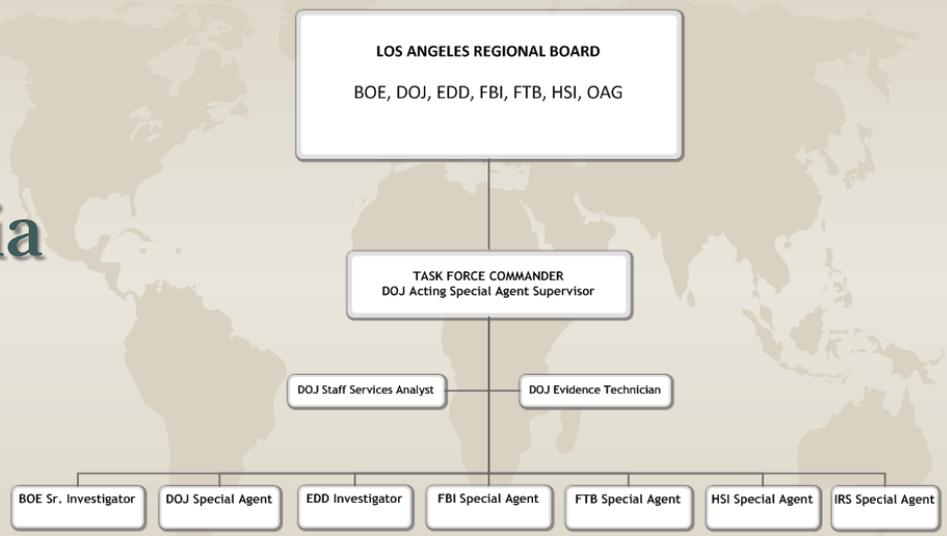


n California

TRaCE

Tax Recovery and Criminal Enforcement Task Force (TRaCE)
SOUTHERN CALIFORNIA

Southern California



TRaCE - By the Numbers



- 239 – complaints received
- 62 – complaints triaged to other agencies
- 100 – complaints in preliminary or full investigation
- 8 – prosecution cases in process
- 10 – cases successfully prosecuted

- \$60,750,604 – unrecovered (identified from investigation)
- \$2,184,992 – recovered (court-ordered restitution, audits billed, investigative costs, evidence[dollars and assets])
- \$5,701,666 – potential recovery (anticipated billings; ongoing cases)

RRCE Accomplishments



- Governance Framework
- Web-based Complaint Intake and Triage System
- TRaCE Website
- Enforcement Performance Metrics
- TRaCE Task Force – operational collaborative enforcement;
broad-based community partners/leads
 - Sacramento
 - Los Angeles
- Analytics Proof of Concept Plan
- Scope of Work Draft, Analytics MOU

Next Steps . . .



Legislative

- Report to the Legislature
 - Required on or before December 1, 2017
 - Moved – on or before December 31, 2015 in Assembly Committee on Revenue and Taxation
- Draft report provided to DIR
 - Review required by RRCE Advisory agencies
 - Sign-off required by Core RRCE agencies

Spring Finance Letter/BCP

- AB576, section 15923 – the team shall operate the pilot program using existing funding of the core agencies, and shall not request funding for the pilot until after making its report to the Legislature.
 - Submission of the report in December 2015 opens a window of opportunity to seek additional resources related to RRCE efforts.



RRCE / TRaCE