



Tax Recovery and Criminal Enforcement Task Force
Los Angeles Regional Board Meeting
12501 E Imperial Highway, Ste. 300, Norwalk, CA 90650
July 13, 2016

Meeting called to order at 10:01 a.m. by Anthony Orlando, Chairman, TRaCE Regional Board

Members Present:

Anthony Orlando, Acting Special Agent in Charge, IRS
Vikram Mandla, Deputy Attorney General, DOJ
Gema Gonzalez, Deputy Chief, FTB Investigations
Frank Waldschmitt, Chief, EDD Investigations
LJ Connolly, Assistant Chief, FBI
Carlos Rojas, Chief of Police, Santa Ana Police Department

Members Absent:

Jim Biscailuz, Special Agent in Charge, DOJ
J. R. Reynolds, Acting Assistant Special Agent in Charge, DHS
Vito Scattaglia, Deputy Chief, DMV Investigations

Opening remarks were made by Chairman Orlando congratulating BOE Proxy, Marzo Sacasa, on his promotion to BOE Southern Investigations Area Administrator.

- TRaCE Executive Board Chairman, Randy Silva, recommended proceeding with election of a permanent BOE Regional Board Member at this time. Chairman Orlando concurred.
 - Executive Board Chairman, Randy Silva, motioned to approve the confirmation of Marzo Sacasa as the BOE Regional Board representative. Motion was seconded by Vikram Mandla.
 - Vote: 7 in favor, 0 opposed

Resolved: Motion carried

Discussion Items:

- May 25, 2016 Minutes
 - Gema Gonzalez motioned to approve the March 9, 2016 Minutes. Motion was seconded by Vikram Mandla.
 - Vote: 7 in favor, 0 opposed**Resolved: Motion carried**
- Yearly meeting with Executive Board – February 2017
 - Executive Board Chairman, Randy Silva, shared that the TRaCE Executive Board approved the yearly joint Regional and Executive Board Meeting. This meeting will be

a one-day event held in February 2017. The first meeting will be held at the 621 Capital Mall address in Sacramento and will thereafter alternate yearly between Northern and Southern California locations

- Facilitator, Gina Fong, suggested to include task force agents and to start planning travel accordingly. Chairman Orlando reminded everyone to keep travel concerns, optics and budget in mind. Further discussion regarding date(s) and rates were addressed. A block of hotel rooms, within the state and federal government rates, may work out best. Anticipate the meeting to be on the 2nd Wednesday of the planned month.
- Disclosure/Confidentiality Training
 - Facilitator, Gina Fong, to gather all agencies' confidentiality statements and plan short training sessions in August 2016, regarding confidentiality disclosures. Each agency to send their confidentiality form to her to compile and distribute to both the Regional and Executive Board. Regional Member LJ Connolly, requested that the forms be given in advance for departmental review and approval.
- **Status Report**
 - 2Qtr 2016 Accomplishments Report
 - A handout was provided reflecting the TRaCE program activities completed and in progress for April through June 2016. Facilitator, Gina Fong, shared some of the highlights including expanding the TRaCE Task Force into San Diego and the Bay Area Regions.
 - Funding for personnel, operating expenses and equipment can be accomplished for State Agencies through the Budget Change Proposal (BCP) process. BCP's are submitted from State Departments to Department of Finance for resource allocation changes to the baseline budget. ...
 - Outreach
 - John Marsh, Randy Silva and Gina Fong met with State Senator Ted Gaines to discuss TRaCE BCP and a DOJ Legislative Proposal to expand TRaCE into San Diego and the Bay Area
 - State Senator Gaines agreed to carry legislation
 - Will schedule a follow up meeting with State Senator Gaines once legislation is written
 - John Marsh, Gina Fong and Susan Gorsuch met with Staffers from Senate President Pro Tempore Kevin De Leon's Office
 - Interested in TRaCE
 - Recovery of Revenue
 - Court Ordered Restitution
 - Would like to follow up once the legislation is written
 - TRaCE CDAA Article written by Randy Silva and Vikram Mandla
 - Gina Fong and Susan Gorsuch, presented the TRaCE Enforcement Model at the Fair Foundation for Contractor's Annual Conference in Sacramento, CA
 - Rich Cutler, Gina Fong and Susan Gorsuch presented the TRaCE Enforcement Model at the Investigative Consultants Law Enforcement Training in Sacramento, California
 - Gina Fong and Susan Gorsuch presented the TRaCE Enforcement Model at the Annual California Sheriff's Association meeting located in Truckee, California.

Susan Gorsuch, Gina Fong and Northern California TRaCE Task Force Agents met with the Siskiyou County Sheriff

- There are restrictions/limitations on the medical marijuana industry; however, profits are so high for all involved, that there is a reluctance to enforce.
- Chairman Orlando indicated FinCEN data now reflects funds from marijuana industry due to banking institution deposits. LJ Connolly discussed illegal aspect of this as well as money laundering issues.
- POS Training
 - Northern and Southern California TRaCE Task Force team members as well as BOE Computer Forensic Specialists attended the Sales Suppression Training
 - Various attendees from different states, i.e. Michigan, North Dakota, etc. Be aware of café Point-of-sales issues. Purchases at restaurants are easy to zap-out of transactional point of sales systems and backend databases. Cash businesses are of issue, i.e. restaurants, bars.
- Additional Outreach
 - Task Force Leader Rigo Garcia met with Entertainment Software of America (ESA) law enforcement liaison regarding piracy, hot boxes, etc. They are interested in the TRaCE concept. Purpose of the meeting to create awareness of the TRaCE Enforcement Model and to refer cases that have a multi-agency element to the task force. . ESA will provide the same kind of support that TRaCE receives from, Investigate Consultants.
Regional Member LJ Connelly shared that this would not meet Federal concerns as there must be health and safety issues for the Feds to get involved. Video piracy does not meet the health and safety standard. Regional Member LJ Connelly suggested to making sure prosecution is possible prior to dedicating personnel resources.
Randy Silva noted that it is not a sales tax issue either, as there is no tangible personal property (TPP) involved in downloads. However, downloading to a machine, or fire-stick, that is sold, would be a different issue.
- ATF as a TRaCE Partner
 - Southern California TRaCE Task Force Commander, Rigo Garcia, has been in discussions with the ATF Chief and the MOU is moving through ATF's internal process. Commander Garcia indicated that he anticipates the signed MOU by the next Regional Board Meeting.
- BCP Workgroup
 - Facilitator, Gina Fong, indicated the BOE Budget Change Proposal has been submitted to BOE Budgets for review. The majority of other participating TRaCE agencies are waiting for DOJ's legislative proposal before processing with a formal BCP. BOE may wait for the DOJ legislation before formally submitting the BCP package to Department of Finance to avoid potential issues.

Chairman Orlando confirmed with DHS Proxy, Jeremy Scott, that he would be permanently replacing J R Reynolds as the DHS Regional Board Member and recommended proceeding with opening the floor for his election as the new DHS Regional Board Member at this time.

Gina Fong shared that Regional Board Member, J R Reynolds, has been a tremendous asset to the TRaCE Task Force and suggested he attend the next meeting where his efforts could be recognized. Jeremy Scott will make the arrangements.

- Marzo Sacasa motioned to appoint Jeremy Scott as the new Regional Board member.
Motion was seconded by L J Connelly.
- Vote: 7 in favor, 0 opposed

Resolved: Motion carried

The Open Session meeting adjourned at 10:55 am by Anthony Orlando, Chairman, Los Angeles Regional TRaCE Executive Board.

Next meeting scheduled for Wednesday, September 14, 2016, 10:00 am at 12501 E. Imperial Highway, Ste. 300, Room 317, Norwalk, CA 90650.