



**TAX RECOVERY
and
CRIMINAL
ENFORCEMENT**

TASK FORCE

TRaCE is a multi-agency Task Force
combating the illegal underground
economy and protecting public services

TO REPORT A CRIME:

1-855-234-9949

www.boe.ca.gov/TRaCE



What is the Underground Economy?

The “underground economy” is comprised of individuals and businesses that use schemes or deal in cash to conceal their activities, identities and true tax liability from government licensing, regulatory and taxing agencies.

The State of California loses billions of dollars to the underground economy each year. Fraud and tax evasion most often occur in cash-driven businesses, counterfeiting enterprises and illegal activity in the sale and distribution of cigarettes and tobacco products.

The underground economy takes funding away from public services, requires legitimate businesses to face unfair competition, increases unemployment, and forces many employees to work in illegal conditions.

What is TRaCE?

The Tax Recovery and Criminal Enforcement (TRaCE) Task Force is a pilot program made possible by California Assembly Bill 576, *Revenue Recovery and Collaborative Enforcement Team Act*. TRaCE joins state and federal resources to collaboratively investigate and prosecute illegal businesses, which rob California of the tax revenue that funds vital public services.

TRaCE has two task force locations:

- Sacramento (serving Bakersfield to the Oregon Border)
- Los Angeles (serving Bakersfield to the Mexico Border)

The TRaCE Task Force is comprised of the following agencies:

- Board of Equalization (BOE)
- Department of Justice (DOJ)
- Employment Development Department (EDD)
- Federal Bureau of Investigation (FBI)
- Franchise Tax Board (FTB)
- Homeland Security Investigations (HSI)
- IRS Criminal Investigation (IRS-CI)
- Department of Motor Vehicles (DMV)*
- Santa Ana Police Department (SAPD)*

*Los Angeles TRaCE Task Force



Mission

The mission of the TRaCE Task Force is to combat the organized elements of the underground economy engaged in the manufacturing, importation, distribution, and sale of pirated intellectual property, and other economic crimes that lead to business, payroll, and/or income tax evasion.

Goals

- Improve the health of California’s economy by combating organized criminal activity
- Pool resources to leverage enforcement efforts and identify fraud and unreported or underreported economic activity
- Collaborate and share data with state and federal agencies to identify fraud and unreported or underreported economic activity
- Provide a quick response to organized criminal economic activities that defraud the state, consumers, and businesses
- Prosecute multiple violations as a single case to amplify the severity of the crimes and impose stiffer penalties on convicted violators

How Do I Report Criminal Activity?

You may report tax evasion, piracy, counterfeiting, human trafficking and other crimes by contacting the TRaCE Task Force at www.boe.ca.gov/TRaCE and filing your complaint online.

You may also download a complaint form at www.boe.ca.gov/TRaCE or call 1-855-234-9949 to speak to a TRaCE representative.

Why Should I Report a Person or Business Engaged in Illegal Activity?

By reporting illegal activities, you help ensure the collection of tax revenues that fund vital public services, such as police, fire protection and schools.

Persons who operate in the underground economy avoid their tax responsibility and harm all Californians. The underground economy creates an unfair and illegal advantage over owners and businesses by undercutting honest, legitimate businesses and deprives workers of basic employment protections.

California's citizens:

- Lose the tax revenue that would support vital public services
- Pay a disproportionate amount of taxes because those operating in the underground economy are not paying their fair share
- Suffer the loss of job opportunities
- Enable inferior and potentially dangerous products to be substituted on the market



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