

Testimony of

Sharon Hawa

Bronx, NY

**Before the House of Representatives,
Subcommittee on Government Oversight,
Efficiency and Financial Management**

Hearing on IRS E-File and Identity Theft

Thursday, June 2, 2011, 12:30 pm

Dear Chairman and Members of the House:

I am extremely grateful for the opportunity to provide you with my testimony regarding this atrocious and rapidly increasing identity theft crime spree that not only impacts individual livelihoods but steals millions of dollars from the United States treasury, year after year, until something is done to prevent it.

I have, for the second time in the past three years become the victim of tax identity theft where thieves have twice filed fraudulent tax returns and received my tax refunds. The first time it happened was in 2009 after I went to my local tax preparation office as I had for the previous 5 years to file my 2008 taxes. However, two days after my return was electronically submitted, I received a phone call from the tax preparer's office stating that the Internal Revenue Service (IRS) rejected the refund citing "Code 0515: SSN was used more than once to file a return."

I felt extremely scared and anxious not knowing how else my identity may have been violated so I immediately took measures to secure all of my personal assets and accounts and followed the steps that the tax office suggested I take as they acknowledged this happened to some of their other clientele the same year. I obtained a police report, filed with the Federal Trade Commission (FTC) and mailed in a hard copy of my return to the IRS. I then called the IRS a week later to verify that they received my paperwork but they referred me to the Identity Protection Specialized Unit who told me a different set of instructions. I needed to draft a letter explaining what happened and re-submit all of the same paperwork I already did (police report, FTC affidavit and a hard copy of my return) to a different address than to the one I already sent. I followed up with numerous phone calls, having to explain my situation and verify my identity over and over again to each IRS agent and it took a painstaking 14 months until I finally received my \$6,604.00 refund. As I relied on this refund to pay some extra bills I incurred, I had to take on a second job to support myself. In addition, all of the energy, time and money spent on combating this issue were increasing as well. I had to take several days off of work just to make appropriate phone calls, secure personal accounts and draft and mail letters certified, return-receipt to each respective address I was given.

By month 12, I was assigned a taxpayer advocate who was incredibly rude and difficult to reach which only added to the stress and frustration of the entire situation. I had to re-submit all of the paperwork I sent out to the IRS, to the taxpayer advocate as she stated that the IRS did not provide her with any information on my situation. Any questions I had I learned to refrain from asking as she clearly had no answers and did not seem willing to assist me any further than just getting me my refund.

The 2010 tax season brought with it a lot of anxiety when I filed. However, luckily I was spared, having experienced no new issues with tax identity theft, minus the continuous waiting for the previous year's refund. I thought that perhaps the worst was over, but I was mistaken.

In 2011, I quickly learned after filing through a family accountant (and not through the same tax preparation office since the first incident of identity theft) that I had fallen victim to this crime

once again and this time they managed to steal my State return as well, together totaling \$6,335.00.

Unfortunately, the IRS seemed more disorganized this year than the first year it happened to me. Misplacing the phone number to the IRS Identity Protection Specialized Unit, I called the general IRS number and two different agents were unclear of what the Identity Protection Specialized Unit was, stating they had "never heard of it." When I finally got a hold of that unit, they told me I needed to call the Taxpayer Advocate office and provided me with the number. When I called the Taxpayer Advocate office, they told me they could not do anything for me without the IRS "referring me."

As I still await my second stolen refund, I have yet to be referred or assigned to any one individual who could provide me with status updates on my situation. Yet, another tax identity theft victim whom I met back in 2009, was immediately referred to a taxpayer advocate when he found out his refund was stolen this year and he is able to get clarity on his situation on a regular basis, while it took nearly two weeks before I could just get anyone at the IRS to even give me a straight answer about what to do.

Adding insult to injury, I also found out that the red flag the IRS told me they would put on my account back in 2009 was never placed, leaving my information vulnerable to thieves again.

Furthermore, I learned about a Personal Identification Number (PIN) pilot program that the IRS was "aggressively testing," and the IRS agent that told me about it stated "That's strange that you never received one since this already happened to you."

After doing some investigative research I noticed these tax theft incidents started happening since the start of the millennium, making me wonder why the IRS seems so new and disorganized in handling the matter. They continue to treat me as if I am the one to blame – adding even more stress to the situation. There is no clear process in place to prevent this from happening or to provide identity theft victims with the necessary steps they must take to receive their refunds and further protect their identity. Many agents are either very forthcoming with information about the fraudulent return or too secretive about it. The first year, I had to plead with them for simple information on what the thieves obtained, such as the amount of the refund received, the routing number of the direct deposit check and the date that it was issued, so I could thwart any additional potential damage they would do to my identity. And once I was armed with this information I was able to locate the bank, find the date that this amount of money was withdrawn and provide this information to the New York City Police Department (NYPD) who started an investigation, subpoenaed the bank for the video surveillance that showed the man stealing my money. Yet an arrest never happened because the IRS did not (and continues not to) share any information with local law enforcement to ever catch these criminals. How is it that I was able to find information about this criminal faster than the IRS?

My research has led me to conclude that the very process designed to accommodate taxpayers has also become a windfall for thieves. There has been an increase in tax theft as a result of e-

filing and direct deposit – each of which does not necessitate the need for validating personal identity when filing. A digital signature to e-file simply requires a "Self-Select Personal Identification Number (PIN)" which is the taxpayer's Adjusted Gross Income (AGI) from their previous year's filed taxes – information that is easily obtainable but must be entered in the exact dollar and cents amount. Furthermore, direct deposit options only require a bank's routing number in order to release the funds and no further vetting of personal information or identity is required to ensure that the legitimate taxpayers receive their refunds.

So on two separate occasions, identity thieves have found a way to e-file my returns early in the tax season, before I even physically received my W-2 forms in the mail from my employer, and they used direct deposit accounts to steal my refunds. In 2009, they received \$1,895.00 more than I was due and in October of that year I received a notice from the IRS stating that I owed that amount in overpayment – which required me to explain the entire situation all over again.

This year, when the thieves first e-filed they received an IRS rejection message on their first attempt but boldly tried again the next day; got through and were quickly issued a direct deposit refund! What concerns me here is: 1) How did they find out my previous year's AGI when my refund was not stolen during the 2009 tax season and I was no longer getting my taxes done at a tax preparation office?; and 2) How is it possible that the IRS issues refunds before checking the accompanying W2 forms for accuracy? Any individual(s) with bad intentions either working for a tax preparation company or for the IRS can easily make millions of dollars through this ineffective and wasteful process.

These government systems are too antiquated and require a desperate overhaul, and there must be better communication between the various departments within the IRS, especially as this new form of tax fraud is increasing with every passing year. Electronic filing (e-filing) was a system created to save the IRS millions of dollars since every e-filed return costs the IRS \$.19 versus the paper return which costs \$3.29, but I urge you to look at the millions (or billions) of dollars fraudulently being paid out in return to these criminals. Cases have jumped 644% in 2007 from 2004 and an additional 300% since last year, and millions or billions of taxpayer dollars are needlessly and disgustingly being wasted due to this broken and exposed system.

The focus regarding identity theft from a consumer protection standpoint is mostly on credit card fraud. I am only one of now hundreds of clients who were victimized by this tax preparation office that has done little to protect our personal information housed in their office and database. The current state law for New York indemnifies and protects these companies from bearing the responsibility of consumer protection by way of a general arbitration clause which you, as a customer are forced to sign if you need your taxes prepared by one of their professionals. By signing, it states that if you have a dispute with the company you have no legal recourse to file a lawsuit unless you opt out which is a challenge in of itself. Identity theft is not a dispute – but rather violation of consumer protection. Laws need to be updated to reflect and protect its citizens from companies and criminals like these who look for irresponsible measures and general legal clauses to get away with their crimes.

In an era where technology is so prevalent, one would hope that priority would be placed on this issue since millions of taxpayer and government monies are being stolen. Realize the absurdity when the government must pay out twice on a single refund – once to the tax identity thief and then reparation to the legitimate tax payer – and now multiply that by the hundreds of thousands of refunds that are stolen each year!

Since the country has been facing one of the worst economic situations in its history, this appalling travesty needs immediate attention and repair!

I refuse to accept this as my fate as this ordeal is in large part due to the unacceptable lack of security measures that the IRS and the U.S. Government have placed on the personal identities of its taxpayers.

With all that I have mentioned and as an upstanding citizen of this country, I demand change.

I first, demand that legislation be developed and enacted that forces federal and state tax offices to put appropriate measures in place that prevent thieves from taking the People's hard earned refunds away from them and forcing them to fight for their identity and their tax refunds for the rest of their lives.

I second, demand that the U.S. Government spend more time working with federal, state and local law enforcement to target and catch these criminals.

I third, demand that each state develop and enact the necessary laws that protect consumers from corporate tax preparation offices who have little responsibility in safeguarding their customers' personal information.

Thank you in advance for your time and effort in making these critical changes happen now.

SHARON HAWA

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Bronx, N.Y. 10463

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SUMMARY OF QUALIFICATIONS

A skilled emergency manager with more than nine years professional experience in national and international disaster mitigation and planning; field response operations; and program development and administration. Specialized experience in the design of human services plans; course development and training curricula; and volunteer and workforce management. An accomplished and committed professional with strong interpersonal, organizational and problem solving skills.

PROFESSIONAL EXPERIENCE

August 2010 – present

American Red Cross, Washington, D.C.

Emergency Response Unit (ERU) Delegate, International Response Operations Center

- Prepared to respond as a member to international disasters that necessitate the need for American Red Cross support. The two-week international training is part of a competitive candidate assessment program in the United States where I was one of 12 chosen out of 150+ applicants to represent the American Red Cross and participate in a pilot training course taught for the first time to a host of delegates from around the world in a real life disaster stricken area, Port-au-Prince (PaP), Haiti, following the 7.1 magnitude earthquake in January 2010.
- Surveyed and assessed two shelter camps in PaP to determine need and types of relief items to distribute to those impacted by the earthquake such as, tarps, shelter kits and non-food items.
- Coordinated the process to issue relief items in a safe and organized way to disaster victims.
- Determined and developed a long term strategy that supports recurring needs, such as replacement supplies and other resources.

October 2006 – present

American Red Cross in Greater New York, New York

Director, Mass Care & Sheltering, Disaster Planning & Response

- Responsible for managing the Mass Care and Sheltering unit for the largest and busiest of the 650+ American Red Cross chapters in the United States where approximately 8 – 10 local disasters are managed daily. Mass Care activities include sheltering, feeding, bulk distribution of material items (cases of bottled water, shelf stable meals, buckets, shovels) and Disaster Welfare Information (DWI) which helps to reunify individuals and families separated by disaster.
- Serve as the mass care administrative lead during a regional merge of the Metro NY chapters which includes the five boroughs of New York City (NYC); Orange, Rockland, Sullivan and Putnam Counties of the Lower Hudson Valley, NY; the community chapters in Westchester, Nassau and Suffolk Counties, NY; and Greenwich, CT. Coordinate and regulate key mass care standards during merge involving current response capacities, resources and capabilities, and streamlined processes to ensure effective service delivery across the region.
- Serve as the Regional or National Mass Care Chief in the Emergency Operations Center (EOC) during large-scale regional or national Disaster Relief Operations (DRO), providing overall administrative, technical and operational guidance to the feeding, bulk distribution and/or sheltering field staff. Consistently monitor areas for improvement through surveys and After Action Reports (AAR).
- Responsible for recruitment and hiring; preparation of yearly performance evaluations; and the development of individual project plans for all employees within the Mass Care unit. Manage a staff of four full-time employees; three leadership volunteers and two Americorps staff. Responsible for the

recruitment, training, supervision and retention of a volunteer leadership pool of more than 75; and the overall mass care training process for the larger pool of volunteers - approximately 4,000 individuals.

- Determine the immediate emergency needs of victims following the aftermath of a disaster. Provide emotional and material support as well as referrals to victims of disasters.
- Develop and maintain a comprehensive chapter disaster response plan that includes efficient service delivery methods and procedures for daily operations and major incidents.
- Draft a regional catastrophic sheltering and feeding plan to determine the human and material capacity to staff and operate 50 shelters (supporting roughly 10,000 – 25,000 evacuees) in the Metro NY region and provide up to 500,000 meals through in-house capabilities, catered contracts and partnerships. Identify and train a shelter leadership cadre of more than 250 trained shelter managers and approximately 1,000 shelter workers. Determine staging locations to stockpile resources such as cots, blankets and hygiene kits. Enhance feeding plan to include more viable snacks, meals and refreshments that cater to the diverse needs (cultural, religious and dietary) of the affected population.
- Research, develop and integrate environmentally friendly procedures into disaster service delivery plans to reduce waste and cut costs. Drafted a ‘Green the Red Cross’ strategy to be implemented in the field.
- Incorporate the development of five mass care workshops focused on building proficiency in sheltering and feeding operations. Created an intensive leadership curriculum that includes roughly 60 hours of training in managing shelters and disaster feeding sites; and provides field and disaster exercises exposure. More than 700 volunteers have completed the workshops since 2008; 65 mass care specialists have successfully completed the full curriculum since 2010; and another 110 are in progress.
- Serve as one of 20 advanced course instructors for the American Red Cross in New York State and one of 520 in the United States. Successfully delivered American Red Cross courses to more than 2,500 American Red Cross staff, volunteers, as well as corporate and community partners in the past 5 years. Successfully trained six volunteer instructors to deliver the mass care workshops.
- Identify, develop and maintain partnerships with numerous faith based groups, community based organizations, and other non profits such as The Salvation Army, Save the Children, Tzu Chi, Civil Air Patrol, Food Bank for NYC and the NYC Clothing Bank to support large-scale disaster operations.
- Serve as the Functional Needs Support Services expert for New York State by reinforcing among volunteers and governmental partners what the Red Cross role is in equitably serving people with disabilities in emergency shelters.
- Provide mass care subject matter expertise in various monthly or quarterly committees on sheltering and feeding activities with the American Red Cross National Headquarters and various chapters across the U.S.
- Participate in various interagency planning meetings and taskforces with city, state, federal, non-profit and private sector entities and faith-based organizations to discuss all-hazard planning and coordination as a subject matter expert of the American Red Cross and Mass Care. Weekly/Monthly workgroups include: Regional Catastrophic Planning Group (RCPG) for Sheltering, Housing Recovery, Logistics, and the Spontaneous Donations and Volunteers Committees; Voluntary Organizations Active in Disaster (VOAD); NYC’s Special Medical Needs Shelter (SMNS); NYC Feeding Taskforce; NYC Animal Planning Task Force (APTF); NYC Commodities Distribution Planning (CDP); and the NYC Coastal Storm Plan (CSP).
- Participated in the development and continual enhancement of more than 30 various full-scale sheltering exercises and drills to build volunteer capacity and assess the chapter's response capabilities. Created functional workshops and tabletop exercises to test specific skills and abilities. Served as the lead exercise controller for each exercise and helped facilitate the AARs.

May 2009 – June 2010

The City University of New York, School of Professional Studies, New York

Adjunct Instructor, NYC Coastal Storm Plan Program Curriculum, Research Foundation

- Served as a seasonal instructor, providing classroom instruction to more than 500 students over a four-week period each year. Class participants were management and non-management employees specifically targeted from various New York City agencies who were required to work as shelter staff during coastal storm emergencies in New York City. Training was part of an annual citywide effort to ensure preparedness and response to hazards during hurricane season. Average class size was 25 people.
- Provided guidance and technical support to lead City agencies during a pilot of the Second Life video series which walks students through a virtual application of sheltering operations in New York City during a coastal storm emergency (www.secondlife.com).

October 2004 – October 2006

The New York City Office of Emergency Management, New York

Community Emergency Response Team (CERT) Program Manager, External Affairs Unit

- Managed a federally grant-funded budget of \$200,000 in 2004 for the CERT program - an 11-week intensive emergency preparedness and basic response skills training program that was aimed at assisting and supporting emergency personnel during disasters affecting their community. Re-applied for the grant the following year and was rewarded \$910,000 to continue the program based on the level of success achieved.
- Trained 42 teams (approximately 1,200 individuals) of community-based volunteers recruited throughout the five boroughs of New York City (NYC) in less than two years. Expanded the program size from seven teams the first year to 42 with each team size varying from 6 to 250.
- Supervised a staff of two employees, numerous volunteers, interns, and more than 60 CERT instructors from the NYC Office of Emergency Management (OEM), the Fire Department of New York (FDNY), New York Police Department (NYPD) and the New York City Auxiliary Police Unit (NYAPU).
- Liaised with numerous local and state elected officials (Borough Presidents, District representatives, Council members) as well as community organizations and Community Board Districts in NYC to raise awareness of the local CERT program; assist in the recruitment of additional participants; and secure additional long-term funding for the program.
- Developed and implemented a CERT recruitment strategy and outreach plan to target participants in at-risk areas such as coastal flood zones. Targeted recruitment took place in areas with a heavy concentration of seniors, individuals with disabilities, and/or linguistically isolated populations.
- Established and coordinated relationships with various agencies and organizations such as the American Red Cross, NYPD, NYAPU, FDNY, the Office of the Chief Medical Examiner, the U.S. Coast Guard and Auxiliary Unit, Con Edison, and the Small Business Administration, that might have required CERT support during disasters.
- Facilitated coordination with other departments within NYC OEM to develop a logistics plan for the procurement, movement, maintenance and storage of supplies and equipment required to conduct CERT training. Equipment consisted of medical triage supplies such as, bandages, splints, backboards, fire extinguishers and other search and rescue gear.
- Created and implemented a Train the Trainer program for continuity that supplied more than 20 individuals from 18 teams the basic training methods to train new members as they were recruited.
- Contributed to the planning of interagency disaster drills and exercises to determine CERT participation and assign roles.
- Served in the Human Services Unit providing input to various emergency plans under the federal Emergency Support Function (ESF) #6 of the National Response Framework. Agency restructured after 1.5 years when the CERT program was transitioned under the External Affairs unit promoting preparedness programs within communities around NYC.

- Served as the External Affairs Emergency Services Function (ESF) Coordinator during Emergency Operations Center activations and AARs. Produced situational reports every four hours with input from various support agencies such as CERT, Small Business Administration, local elected officials and other community based organizations. Provided management and data support to the Human Services and Telecommunications ESF Coordinators during activations.

October 2003 - October 2004

American Red Cross in Greater New York, New York

New York City Disaster Action Team (DAT)/Staffing Coordinator, Disaster Services

- Recruited, interviewed and coordinated the intake, screening, recognition and training of more than 1,100 Disaster Services volunteers in NYC and the Lower Hudson Valley. Responsible for the training and mobilization of all existing ARC volunteers during disasters.
- Assisted with the scheduling and coordination of additional Red Cross training for Disaster Services volunteers to match their ability, interests and availability.
- Expanded the Disaster Action Team (DAT) volunteer program by creating intensive workshops to identify and mentor individuals with strong leadership skills who could develop new volunteer teams. Three new teams of five in the Bronx and Queens were created as a result.
- Served as the Staffing Coordinator or Job Director on more than a dozen large-scale disasters which ranged from fatal fires to multi-story building collapses in New York City supporting individuals and families affected by disaster.

March 2003 - October 2003

Emergency Services Responder, Disaster Services

- Responded to disasters throughout the five boroughs of New York City to survey and assess damage caused by fire and other disasters, determined habitability and provided Red Cross services for emergency housing, food, clothing and mental health counseling to individuals affected by disaster.

September 2002 – March 2003

Volunteer: Disaster Action Team Member, Disaster Services

- Responded to disasters throughout the five boroughs of New York City with a team of volunteers to survey damage and provide needed services to displaced individuals.

EDUCATION

Columbia University, Graduate School of Business, New York, 2008

Not for Profit Management Program Certificate, Middle Management Program

The American University, Washington D.C., May 1995

Double B.A., Communication / Psychology

Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)

Name: SHARON HAWA

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2008. Include the source and amount of each grant or contract.

NONE

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

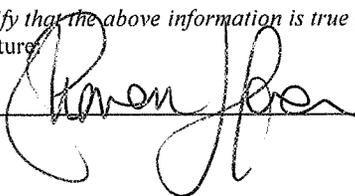
SELF

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2008, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

NONE

I certify that the above information is true and correct.

Signature



Date: 5-26-11