

From: Veldran, Katherine  
To: Soura, Christian <ChristianSoura@gov.sc.gov>  
Date: 8/30/2013 10:45:01 AM  
Subject: FW: Request for information for LexisNexis Tax Refund Investigative Solution

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From: Derek Johnson  
Sent: Tuesday, August 20, 2013 10:53 AM  
To: 'katherineveldran@gov.sc.gov'  
Subject: Request for information for LexisNexis Tax Refund Investigative Solution

Morning Katherine,

Pleasure speaking with you over the phone. As we talked about, I am seeking a little more information on a LexisNexis software system for tax fraud and identity theft. We caught wind of this in a news article from AccountingToday.com. It discusses the LexisNexis system originating as part of a pilot project in the state of Georgia, then expanding to 4 other states, including South Carolina. Below is the link and body of the article (the article is behind a paywall):

<http://www.accountingtoday.com/news/More-States-Sign-Tax-Identity-Theft-System-65435-1.html>

*"Every year around tax filing time, many consumers become victims of tax fraud. The IRS has no way of preemptively stopping it unless you're a previous victim; in that case, they issue a 4 digit pin number to file next year's taxes with. National taxpayer advocate Nina Olson reported this year that identity theft related tax refund fraud has increased 650% since 2008.*

*LexisNexis, a public records data base and identity management systems company, has expanded a pilot program they tested in Georgia last tax season to help fight tax fraud to four additional states. LexisNexis Tax Refund Investigative Solution program has been expanded to Connecticut, South Carolina, and two other unnamed states.*

*Before this system was introduced, all US states used rules-based fraud filters to screen for identity theft. This means that if a name and an address had never before been associated on tax returns, the IRS had no way of knowing. However, a search through LexisNexis would immediately raise red flags that this address has never been associated to this person, and would ask additional verification questions based on public records history.*

*"They have a hard time seeing the full picture of the person," said Andy Bucholz, director of tax and revenue markets at LexisNexis Risk Solutions. "An identity company like us will have a more complete view of a person."*

#### *About the Program*

*LexisNexis Tax Refund Investigative Solution uses identity-based filters, which screen tax refund requests against billions of LexisNexis identity records collected from public databases and commercial sources. The LexisNexis system will look for mismatches on names, DOB, social security numbers, addresses, and other data, to ensure that the tax records and person filing them are a legitimate match. If flags are raised, further authentication is required, and the taxpayer is sent a letter stating there was a problem with the refund. The letter would request the taxpayer to visit the state's IRS website, log in and answer questions based on the public records provided by LexisNexis.*

*In this age of cyber space, personal information is everywhere. Some of the information is protected by website security, a private company, or state records databases, but some of it is left unguarded. The LexisNexis Tax Refund Investigative Solution is an additional defense against tax id theft the IRS can use to fight this growing problem."*

So we are just trying to get some high level background information on this system and how the state acquired it. Here are some of the questions we were hoping to have addressed:

- 1.) What department or departments are utilizing this system?
- 2.) What kind of contract or agreement was utilized secure this system (competitive procurement, sole source, cooperative purchasing agreement)?
- 3.) Identifying information for said contract or agreement (contract number, assigned contract officer, term & renewal options etc).
- 4.) Any background or brief summary of the pilot project mentioned in the above article.

As I said, we don't have any particular agenda for securing this information beyond keeping tabs on major state software systems for our clients. I'm happy to answer any further questions you may have on your end to facilitate this request. I appreciate you reaching out and hope to hear back from you soon. Have a great day!

Derek Johnson



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