



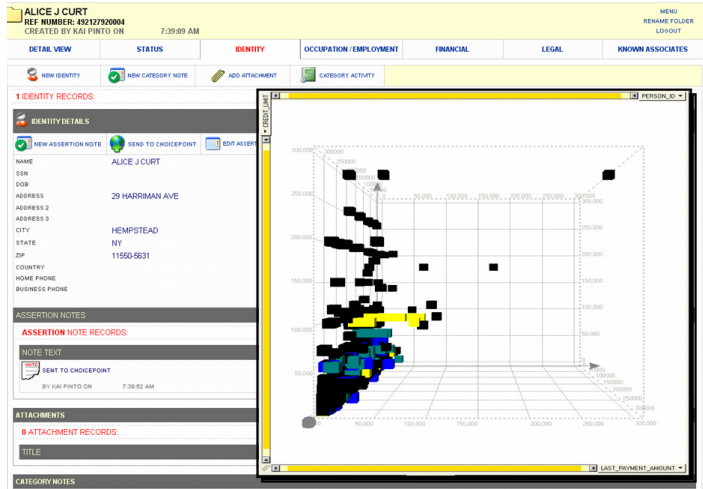
## Detecting Patterns of Tax Avoidance

### Challenge

The Internal Revenue Service (IRS) is aggressively attempting to uncover tax compliance issues involving taxpayer use of credit cards issued by offshore banks, and to identify and prosecute those individuals who are using such cards to illegally evade paying taxes. Billions of credit card transactions records must be analyzed to identify specific cases of likely tax evasion for detailed investigation and prosecution where substantiated.

### Insight Solution

Eastport Analytics crafted an innovative analytical process that (1) unearths the unusual and extracts high quality audit-worthy accounts from the card transaction data; (2) strengthens the case for identified patterns of suspect behavior by collecting relevant augmenting information from external data sources; and (3) supports a workflow process that organizes and delivers the findings and the associated evidence in digital case folders.



### Impact

The IRS has already identified tens of thousands of suspicious cardholders, many of which have resulted in prosecutable cases. Continuing work is evolving the solution and continuing to feed IRS Examiners with organized, and defensible case files. John McDougal, a lawyer with the IRS' Small Business/Self Employed Unit and the Offshore Credit Card Program, notes that "we're adding technology incrementally" to continually improve the process.