



About IRS

General Fraud - Criminal Investigation (CI) FY 2001 Annual Report

The General Fraud Program is Criminal Investigation's (CI) largest single program encompassing a variety of investigations involving Legal Source Tax Crimes as well as some Illegal Source Financial Crimes. Included in this program are investigations involving a broad spectrum of individuals and industries from all facets of the economy. Consistent with the recommendations of the Webster Commission Report, CI continues to refocus its general fraud investigations on cases that promote voluntary compliance with the tax laws. Criminal Investigation's goals in the General Fraud Program are to impact the largest number of taxpayers and to increase compliance with the tax laws.

General fraud is the program from which CI usually identifies new trends (emerging areas of crime) in areas of non-compliance in both Legal Source Tax Crimes and Illegal Source Financial Crime. These emerging areas are instrumental in ensuring CI is focusing its resources to most effectively achieve its mission. Criminal Investigation field operations continue to monitor trends and initiatives in the local areas. Identification of new areas of non-compliance is vital to the success of a sound tax administration system.

Fraud referrals from other IRS operating divisions, especially Small Business/Self Employed (SB/SE) are an important source of Legal Source Tax Crimes investigations. In order to reinvigorate this vital program, a complete redesign of the Fraud Referral Program was accomplished during FY2000. The purpose of the redesign was to enable other operating divisions to more effectively identify fraudulent returns and improve the quality of the fraud referrals forwarded to CI. During FY 2001 there was an 11% increase in the number of fraud referrals received over the prior fiscal year.

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The following case summaries are excerpts from public record documents on file in the court records in the judicial district in which the cases were prosecuted.

Former Naples Hedge-Fund Manager Sentenced To 17 ½ Years for Evading Over \$8.6 Million In Federal Taxes

On October 20, 2001, in Tampa, FL, David M. Mobley Sr., a former hedge-fund manager was sentenced to 210 months imprisonment and ordered to pay restitution in excess of \$76 million upon conviction of tax evasion, money laundering, mail fraud and wire fraud charges. Mobley was the founder and owner of Maricopa International Investment Corp., based in Naples, Florida. Mobley defrauded investors out of approximately \$124 million, most of which was used to finance Mobley's luxurious lifestyle, including the purchase of million dollar homes, expensive automobiles, and ownership in other business ventures. His lifestyle gave him the aura of being a successful businessman to attract additional investors. Mobley failed to report over \$23.3 million in income on his federal income tax returns, evading taxes of over \$8.6