

IRS Taps Tax Compliance Veteran to Advise Anti-Fraud Effort

Posted on May 27, 2020

By Jonathan Curry

Longtime IRS attorney Carolyn Schenck has been selected to advise the agency's new fraud enforcement program.

In her new role as national fraud counsel, Schenck will advise the program on the design and development of its anti-fraud efforts as it supports activities across the IRS to detect and deter tax fraud, the agency said in a [May 26 release](#).

Schenck's appointment is the latest in a string of staff shuffles that reflect a renewed emphasis by the IRS on preventing tax fraud. Those efforts began with [Eric Hylton's promotion](#) from deputy chief of the Criminal Investigation division to commissioner of the Small Business/Self-Employed Division in September 2019, followed by the February selection of Brendan O'Dell to [temporarily serve as promoter investigations coordinator](#) and the [appointment of Damon Rowe](#) to head up the new Fraud Enforcement Office in March.

According to the IRS, Schenck will collaborate closely with Rowe and O'Dell on their anti-fraud efforts.

Frank Agostino of Agostino & Associates PC said the IRS's new enforcement group will serve an essential function in promoting voluntary compliance. There's a perception among tax cheats that the IRS can't or won't find them, and this means the tax system needs this sort of coordination on fraud, he said. "I want to see the good in everyone, but there is tax fraud in the world," he said.

Schenck is serving as assistant division counsel (international) in SB/SE, where for the past decade she has advised the IRS's Offshore Compliance Initiative. Throughout her career at the IRS, which began in 2006, Schenck has litigated cases before the Tax Court, advised IRS agents on fraud cases, and assisted the Justice Department with criminal tax prosecutions.

Good Call

IRS Commissioner Charles Rettig described Schenck as "extremely well-regarded" by the tax community, and practitioners who spoke with *Tax Notes* agreed.

Agostino praised the selection of Schenck to fill the role, saying she is an exceptional lawyer who is well versed in the law of tax fraud. "She's knowledgeable about where the line and the law is, and what taxpayers went over the line knowing where the line was," he said.

Steven Toscher of Hochman Salkin Toscher Perez PC said Schenck's appointment suggests a "continued and sustained commitment by the IRS to detect and deter tax fraud," and that the appointment of Schenck, along with Rowe and O'Dell, will yield more efficient tax enforcement and fraud detection across all the IRS's operating divisions.

A Time Such as This

IRS Chief Counsel Michael Desmond said in the release that bringing Schenck into her new role is especially timely, given the opportunities for tax fraud amid the coronavirus pandemic.

"Someone with her talent and experience should send a strong signal that those who seek to take advantage of the situation will face dire consequences," Desmond said.

Toscher echoed that sentiment, observing that Schenck appears to have a "broad mandate" that will involve not only advising Rowe and boosting fraud referrals by the operating divisions of the IRS to CI, but also the training of IRS agents and developing the "appropriate use of civil fraud penalties."

Toscher also suggested that by specifying that Schenck will work closely with O'Dell, the IRS is signaling that its focus on promoters and enablers of tax fraud schemes is a major part of its anti-fraud strategy.

Nathan Richman contributed to this article.

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