

## Private Foundations Bulletin

### Newsflash: Stay Alert — Fraudsters May Be Targeting Private Foundations

By Scott Brown, CPA, Partner and Tania Miranda, CPA, Director

Criminals are impersonating Internal Revenue Service (IRS) agents in a new scheme centered around organizations' retirement plans and private foundations across the country are already being affected. Using real IRS Agent names, ID numbers and phone numbers, the perpetrators send what appears to be an official internal IRS audit letter – complete with an Information Document Request (IDR) list – asking foundations to verify their Form 5500 filings.

Many foundations have been performing proper diligence over the legitimacy of these letters. In one alarming case, when a foundation ignored the correspondence, the fraudsters escalated their tactics by showing up in person at the office, posing as auditors and attempting to gain entry. Fortunately, the foundation turned them away before they could enter their space and the matter is now being handled by the Criminal Investigations at Treasury.

This is only the latest in a string of increasingly sophisticated schemes aimed at the philanthropic sector. With private foundations a continued target, it is more critical than ever to remain vigilant and take proactive steps to protect your foundation.

#### How to Protect Your Organization

- **Be cautious with correspondence:** Even if the letters look official, verify them carefully. If you receive IRS correspondence, check the cadence and context. IRS audits typically follow a clear, documented process.
- **Do not allow walk-ins:** IRS agents do not show up unannounced to conduct audits. Ensure to always require scheduled meetings and official notices.
- **Confirm through secure channels:** Instead of calling the numbers provided in letters, use the IRS's official website or published contact numbers such as the Tax Exempt and Government Entities Customer Account Services, 877-829-5500. You can also contact your trusted advisors, (i.e., accountants, tax preparers, attorneys). Often times, your advisors have had communications with IRS agents in the past and may be able to confirm directly with agents listed on the correspondence letter.
- **Educate your staff:** Educating your staff is the first line of defense. Ensure that the team knows how to respond if someone is claiming to be an IRS agent.
- **Report immediately:** If fraud is confirmed, or if suspicion remains after all prior channels have been pursued, report the matter to the Treasury Inspector General for Tax Administration and notify local law enforcement.

Stay alert and take active steps to protect your organization. Awareness and preparation are your strongest safeguards.

## Contact Us

We welcome the opportunity to answer any questions you may have related to this topic or any other accounting, audit, tax or advisory matters relative to private foundations. Please call 212.286.2600 or email any of the Private Foundation Services team members below:

**Thomas Blaney**, CPA, CFE  
Partner, Co-Director of Foundation Services  
[tblaney@pkfod.com](mailto:tblaney@pkfod.com)

**Joseph Ali**, CPA  
Partner  
[jali@pkfod.com](mailto:jali@pkfod.com)

**Scott Brown**, CPA  
Partner  
[sbrown@pkfod.com](mailto:sbrown@pkfod.com)

**Anan Samara**, EA  
Partner  
[asamara@pkfod.com](mailto:asamara@pkfod.com)

**Christopher Petermann**, CPA  
Partner, Co-Director of Foundation Services  
[cpetermann@pkfod.com](mailto:cpetermann@pkfod.com)

**Elizabeth Gousse Ballotte**  
Partner  
[eballotte@pkfod.com](mailto:eballotte@pkfod.com)

**Michael R. Koenecke**, CPA  
Partner  
[mkoenecke@pkfod.com](mailto:mkoenecke@pkfod.com)

PKF O'Connor Davies provides the information in this e-newsletter for general guidance only and it does not constitute the provision of legal advice, tax advice, accounting services, or professional consulting of any kind.