



**FINANCE  
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THE CITY OF NEW YORK  
DEPARTMENT OF FINANCE  
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# REVE NEWS

FINANCE'S MONTHLY NEWSLETTER • NOVEMBER 2006 • VOLUME 3, NUMBER 7

## Divisional Corner

Carlton Butler, Assistant Commissioner, Enforcement



The Enforcement Division identifies and goes after businesses and individuals suspected of criminal tax evasion and fraud. The Metro Unit conducts civil audits in relation to non-payment or underpayment of NYC Personal Income Tax and NYC Sales Tax. Enforcement makes sure that everyone files the required tax returns and pays the correct amount of tax, and, when they apprehend a business that has not done so, Enforcement also strives to make the taxpayer understand

its tax obligations and experience them as fair and efficient.

As part of a series of transformative changes at Finance, Enforcement's Metro Unit has become part of the Audit Division. We will focus on criminal tax evaders and non-filers and continue our campaign to find individuals and businesses that have evaded the NYC Cigarette Tax and collect the City's money. As always, we will concentrate on the need to maintain a process that is fair and transparent – working SMART and finding innovative ways to achieve the desired results.

### Cigarette Tax Evasion

In 2005, we initiated an aggressive program to collect unpaid Cigarette Tax from New York City residents who purchased cigarettes on the Internet without paying the required tax.

There are a number of online vendors whose websites advertise "no tax due" cigarettes, but there are far fewer than when we started our campaign last year. We have contacted over 3,000 purchasers so far and collected approximately \$800,000 (some of which goes to New York State). We have also notified Internet sellers, advertisers and shippers that their actions are in violation of City, State and federal laws.

Another change in the way we do business is that we now send letters that are different in tone and more informative. For example, until recently, the billing letters only told the taxpayer how much he or she owed. The letter did not let taxpayers know that a payment plan might be available. The Internet cigarette purchasers, for instance, were unaware that they could take 60 months to repay the back Cigarette Tax. It is interesting to note that when the Internet billing project began, most callers wanted

to know whether the City had the right to collect the Cigarette Tax on Internet purchases. Now, the vast majority of calls are about requesting payment plans. A perfect example of how working SMART yields the desired results.

A third initiative is to go after the tax-preparers who assist taxpayers in criminal tax evasion. As part of the transformation in the way we conduct business, all Enforcement investigations now try to identify the accountants and other tax practitioners who have prepared the false returns for criminal tax evaders. We find that many of these tax-preparers have been operating for a long time, systematically undermining the integrity of the tax process. To date, this new focus has resulted in the indictment of two accountants in Manhattan, and we anticipate that the prosecution and investigation of these cases will recover up to \$7,000,000 in unpaid taxes.

A fourth SMART strategy involves partnering with other divisions in Finance and with other City agencies to identify non-filers. For example, Enforcement and the Sheriff's Office are working together to stem the illegal street sale of cigarettes. Undercover Enforcement Investigators and Deputy Sheriffs, working in teams, will focus on commercial areas to eliminate the unfair competition caused by illegal cigarette street vendors.

Enforcement has also developed relationships with the State Department of Taxation and Finance, the NYC Police Department, the Office of Management and Budget, the Department of Consumer Affairs, and the District Attorney's Office. Enforcement and Consumer Affairs regularly exchange information concerning violations related to illegal cigarette



**Left to Right Seated:** Gary Wong, Yolanda Saylor, Marta Rivera, Sheila Ford, Jacqueline Almonor and Raymond Tassiello. **2nd Row Standing Left to Right:** Michael Gillen, Joseph McQuillen, David Callender, Mary Murphy, Virginia Chin, Penny Lewis, Joseph Schenker. **3rd Row Standing Left to Right:** Helen Yuen, Paul Giskin, George Tsatsaronis, Mitchell Marcus, Carol Hackett, Anthony Folkes, Don Baumohl, Alphonus Adjaero and Sharon Chew. **4th Row Standing Left to Right:** Robert Stahl, Raymond Moy, Michael Schenk, James Grayson, Nelson Aviles, Vernon Edwards and Tzvi Moses.

sales by cigarette retailers and DCA licensees. We regularly receive taxpayer information from the State and the Internal Revenue Service (IRS) as part of our investigative audit function. We also have a strong working relationship with the NYC Department of Health that allows us to look at cigarette use and violation trends. This is a far more effective way for us to obtain information than the old approach of receiving most of our information from disgruntled employees or business associates, estranged family members, business competi-

tors, or others with personal agendas.

We are also seeing results from our collaborative efforts with Tax Policy, Legal Affairs, Audit, and ISS. Before resources are committed to developing cases, all of those involved review the results to ensure the highest degree of accuracy has been achieved. How SMART is that?

## NOVEMBER UPDATES FROM EMPLOYEE SERVICES

**Combined Municipal Campaign-** The Combined Municipal Campaign will run from November 1st – December 22nd. During this period, employees who wish to participate will have the opportunity to designate an amount to be deducted from their paychecks and donated to one or more organizations from a list of eligible organizations. Employees who already participate may change their donation amount or the organization(s) to which they donate.

**Mayor Graduate Scholarship Program-** The Mayor's Graduate Scholarship Program offers the City's employees the opportunity to compete for scholarships in areas such as business and public administration, policy analysis, law, education, engineering, nursing, public health, computer science and social work. In these fields, thirty-eight schools have committed to provide funding for the 2007/2008-scholarship year. The program officially started 09/25/06, and employees must submit completed applications to Carl Merante, Human Resources, 66 John Street-9th floor by 11/20/06.

**FINANCE AUDITORS AND ATTORNEYS RECOGNIZED**

Auditors from Finance’s Audit Division and attorneys from Finance’s Legal Affairs Division and auditors and attorneys from the NY State Department of Taxation and Finance (DTF) were recognized at a joint breakfast celebration held at DTF’s midtown offices on September 27th. The auditors and attorneys were recognized for their contributions to audits concerning the proper tax characterization of various securities transactions engaged in by securities firms. Their work, which resulted in Finance’s issuance of Statement of Audit Procedure #04-02 (September 24, 2004) and the DTF’s subsequent issuance of settlement guidelines on the same subject ultimately led to settlements with various firms resulting in the collection of a substantial amount of corporate taxes for DTF and for Finance.

Representing DTF was its Commissioner (and former Finance Commissioner) *Andrew Eristoff*, Assistant Commissioner of Finance’s Audit Division *Pauline Hyles*, and Assistant Commissioner *Dara Jaffee* of the Legal Affairs Division represented the Department of Finance. The auditors recognized at the breakfast were *Kit Horne*, *Robert Cruz*, *Martin Blumenkrantz*, *Chin Chang*, *Sanjeev Aggarwal*, *Samuel Blaize*, *Derrick Trusty*, *Glenadine (Pamela) Bryan*, *William Hernandez* and *Paula Simpson*. *Peter Rabinowitz* was recognized but was unable to attend. Finance attorneys recognized were *Andrew Eisner*, *Michael Newmark*, *Kate Trachtenberg* and *John Mulligan*.

**READ MORE STORIES ON FinanceNet**

- Tax RAPP 2006
- Flying the Flag For Veteran’s Day?
- November, A Month for Everyone!

**ENTER! NAME THE PUPPY CONTEST**



Every month since last May, the puppy that has been retrieving your **ReveNEWS** and delivering it to your desktop has been

working diligently without a name. It’s about time to NAME THE PUPPY! Of course, in keeping with The **ReveNEWS** tradition, the November Contest will resolve this little problem and the rules are simple.

The Commissioner will select the winner from a list of semi-finalists. **The deadline for entering is November 15th.**

Enter now! Don’t let our puppy go into the New Year without a name!

Enter contest on **FinanceNet**.

**CITY REGISTER ACKNOWLEDGES STAFF**

The City Register knows how to acknowledge its staff and have a good time doing it! They have been honoring their employees on a monthly basis for a long while and recently have initiated quarterly ceremonies. Everyone looks forward to the Employee of the Month celebrations and the staff really gets involved in the planning. They help to select themes for each recognition ceremony, such as a recent Hawaiian Luau, where “island” food and virgin pina colodas were served. In some locations they also have had On-The-Spot celebrations to reward employees for providing excellent customer service. Customer feedback is an important part of selecting the recipients.

Queens Deputy City Register *Colette McCain*, said, “Since 2005, the Queens City Register has been honoring employees for their excellence in serving the public and work performance that contributes to the smooth workflow of the office. Since implementing this program, staff is more engaged, morale has improved and we have come together as a cohesive

team. Thank you all for a job well done.”

Here are some recent award recipients:



Left to Right: *Mary Scheman*, *Katrina Norris*, *Tina Ponce de Leon* and *Wanda Clemons*

• **Brooklyn:** On August 11th, the Kings County City Register celebrated recognition day for all of the hard work done by the entire staff. The office had a luncheon, and each employee received a glass vase with a single rose.

• **Bronx:** On September 15th, the Bronx City Register recognized the following monthly honorees: *Dale Brown* (June), *Frederica Johnson* (July), *Tina Ponce de Leon* (August), and *Katrina Norris* (September).

• **Manhattan:** The Manhattan City Register gave On-The-Spot awards to *Yolande Pierre* and *Virlande Vilmont*.

• **Queens:** On September 29th, the Queens City Register recognized the following honorees: *Andrea Scher* (July); *Jacquiline Williams*, *Roberta Rosen*, *Lanette Alvarez*, *Jose D. Gonzalez*, *Jane Siemsen*, *Rita Fox*, and *Vanessa Goodwin* (Document Return Unit, August); *Joy Bukoff*, *Crystal Terry*, *Vanessa Goodwin*, *Sharon Kelly*, *Martha Delghavi*, and *Adrian Wheeler* (Supervisors, September).

**BREATHING FREE!**

**It’s Time for the Great American Smokeout!**

November 16th is the date of this year’s Great American Smoke Out! That’s the date to quit! Double your chances for success by talking to your doctor about nicotine replacement, and get a “quitting buddy” for support.

You can extend your life by 14 years if you quit smoking now! That’s 14 more years to see your children grow up, to meet your grandchildren, to travel, read, and pursue your interests. It’s also 14 years when you won’t endanger your friends and family with second-hand smoke.

If you know someone who smokes, research shows that the encouragement of friends and family is crucial when someone is trying to quit. If you don’t smoke consider being a “quitting buddy” for someone you care about. For more information you can contact the Department of Health and Mental Hygiene at [nyc.gov](http://nyc.gov), or call the American Cancer Society at 1-800-ACS-2345.

**NOVEMBER IS NATIONAL ADOPTION MONTH**

**Why Consider Adoption?**

If you want children and cannot have any, adoption may be an option and preferable to a childless life. Many people – single and married – choose to add to their families by adoption even if they can give birth. (Look at Angelina Jolie and Brad Pitt and Madonna and her husband!) There are three main roads to adoption: domestic adoption agencies, independent adoption (with the assistance of an attorney), and international adoption (both through agencies and independently).

Why adopt? First, there are more than 100,000 children in the United States in foster care waiting for permanent families. (In New York State, 5,000 of the 33,000 children in foster homes are available for adoption.) Hundreds of thousands of children around the world live in orphanages. There are babies, toddlers, and older children—boys and girls—individual children and sibling groups. Welcoming one or more of these children into your life—literally, in most cases, saving a life—is the ultimate act of charity, love, and kindness.

Read the full story on **FinanceNet**.

**SHERIFF DIVISION PARTICIPATES IN SEPTEMBER 11TH FIFTH ANNIVERSARY CEREMONY**

September 11th will remain a day marked with reverence and sadness. This year, as in years past, the Sheriff Division was part of the ceremonies, commemorating the fifth anniversary of the attacks. They provided a color guard and a small platoon of deputies to participate in the ceremonies. These deputies, along with their counterparts from other agencies of the City, State and Federal govern-

ment, as well as several non-governmental agencies, honored those who lost their lives on that fateful day. The color guard carried the national colors, as well as the City flag to the ceremony site at the heart of ground zero. The platoon acted as an honor guard for family members and other dignitaries who were present for the commemoration.

Read the full story on **FinanceNet**.

REVE NEWS

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