

March 2011

*This fact sheet is designed to explain the purpose and operation of the Department of Revenue's Investigative Services Bureau. Specific questions can be directed to your nearest Department of Revenue office.*

## **How long has the Investigative Services Bureau (ISB) been in operations?**

The South Dakota Investigative Services Bureau (ISB) of the Department of Revenue was created in 1984. It is believed that the majority of taxpayers are honest, but that it is unfair for even a few to escape paying their fair share of taxes. Before the inception of ISB, the department lacked the resources to identify and prosecute those businesses that fraudulently under-reported taxes.

## **Who carries out the duties of the ISB?**

The Special Agents who staff the ISB are certified law enforcement officers. They are required to complete basic law enforcement officer's training. Agents attend in-service training as well as training provided by the Federal Law Enforcement Training Center in Georgia and the Association of Certified Fraud Examiners, and are required to meet firearms qualifications.

These highly trained, professional law enforcement personnel work mainly with white collar crime. As investigators, they develop and evaluate evidence. They often work closely with federal, state, county and local law enforcement agencies in making arrests and conducting searches and seizures. Their expertise in financial crime investigations is often sought by other law enforcement agencies.

The staff consists of four investigators/special agents: one each in Watertown and Sioux Falls, Pierre, and Rapid City. One auditor who specializes in fraud investigation works closely with Special Agents.

## **What are the bureau's responsibilities?**

ISB is the South Dakota Department of Revenue's criminal investigation and law enforcement arm, and is responsible for enforcing DRR-related laws.

Special Agents handle a wide range of investigations, including those involving tax fraud, tax evasion, and other acts which circumvent Revenue laws. Examples of these investigations include:

- **Sales and Use Tax** - Fraudulent filing, non-filing, or other tax violations committed by persons engaged in retail sales.
- **Contractors' Excise Tax** - Fraudulent filing, non-filing, or other tax violations committed by persons involved in realty improvement construction.
- **Motor Fuel Tax** - Intentional circumvention of state motor fuel tax laws by persons in the trucking industry or by motor fuel distributors.
- **Cigarette Tax** - Illegal sale of unstamped cigarettes, smuggling or hijacking cigarettes, counterfeiting tax stamps, or other attempts to circumvent the state cigarette tax.
- **Amusement Devices** - Violations of various taxes governing the licensing and conduct of games of chance within South Dakota, as well as deliberate attempts to avoid paying the taxes due.
- **Liquor Tax** - Violations by distributors and retailers involving licensing, regulatory restrictions and payment of taxes and fees.
- **Bingo and Lottery Supplies** - Violations of distributors' licensing requirements and payments of fees and taxes.
- **Motor Vehicle Titles** - Violations in title transfers and damage disclosure statements.
- **Inheritance Tax** - Violations of tax laws by filing false reports with intentions to defraud the state.
- **Motor Vehicle Dealers** - Violations of dealer laws and regulations.
- **Appraiser Certification** - Violations of laws and regulations dealing with the Appraiser Certification Program.

## Investigative Services Bureau

### What is the Bureau's success rate in investigating tax fraud cases?

Two hundred, fifteen convictions have been achieved since the ISB unit was created. Five hundred, thirty-two cases have been opened since 1984, and \$8,063,194.69 has been recovered in that time. In-depth, time-consuming investigations must prove not only that under-reporting occurred and that the defendant committed the offense, but also that the defendant did so with fraudulent intent.

### How can you help?

If you have information about someone who is improperly doing business in South Dakota or suspect that someone is committing tax fraud, please contact the nearest ISB agent. Your assistance will be appreciated by all the honest taxpayers in this state. All calls are kept in strictest confidence.

#### **Alan Morris, Special Agent, Team Leader**

Department of Revenue  
4447 S. Canyon Rd., Suite 6  
Rapid City, SD 57702-1889  
(605) 394-2332  
Call Letters: ISB1

#### **Greg Cleland, Special Agent**

Department of Revenue  
300 S Sycamore, Suite 102  
Sioux Falls, SD 57110  
(605) 367-5800  
Call Letters: ISB2

#### **Darrell Halse, Special Agent**

Department of Revenue  
1505 10th Ave SE, Suite 1  
Watertown, SD 57201-5300  
(605) 882-5188  
Call Letters: ISB3

#### **Brian Hanson, Special Agent**

Department of Revenue  
445 E Capitol Ave  
Pierre, SD 57501-3185  
(605) 773-3311  
Call Letters: ISB4

### Talk to Us!

If you have a tax problem or question, call the South Dakota Department of Revenue toll-free at 1-800-TAX-9188. Visit us on the web at [www.state.sd.us/drr](http://www.state.sd.us/drr), email us at [bustax@state.sd.us](mailto:bustax@state.sd.us) or write us:

**South Dakota**  
**Department of Revenue**  
**445 East Capitol Ave.**  
**Pierre, SD 57501-3185**

Aberdeen  
419 Moccasin Drive  
Aberdeen, SD 57401

Sioux Falls  
300 S Sycamore, Suite 102  
Sioux Falls, SD 57110

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417 N. Main, Suite 112  
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