



Department of the Treasury
Internal Revenue Service
2970 Market St
Stop 2.HO4.133
Philadelphia, PA 19104

IRS Notice CP118

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NEW HANOVER COUNTY PUBLIC SCHOOLS S
UPERINTENDENT
6410 CAROLINA BEACH RD
WILMINGTON NC 28412-2908



141159

December 16, 2024

An Internal Revenue Service (IRS) contractor has been charged with the unauthorized inspection or disclosure of your tax return or return information, between 2018 and 2020.¹

What you need to know

- The Government's analysis of the material received from the contractor indicates that your information that was disclosed was narrow in scope and limited to information returns (e.g., Forms 1099, Schedule K-1, etc.) issued by the business to a taxpayer, including issuer/recipient Taxpayer Identification Numbers, (Social Security Number (SSN) and Employer Identification Number (EIN)), name, address, and other information from the information returns. IRS is notifying all issuers and recipients of the information returns.

Where to find more information

- We have enclosed copies of Internal Revenue Code (IRC) Section 7431 and the criminal charge with this letter. IRC 7431(a) provides for civil claims for unauthorized disclosure of return information.
- The Department of Justice (DOJ) is prosecuting this matter and has provided information about the Crime Victims' Rights Act and the status of this criminal case at Justice.gov/Criminal-VNS/Case/United-States-V-Charles-Littlejohn.
- If you have any questions about your rights under the Crime Victims' Rights Act, please email DOJ at CRM-PIN.Victims@USDOJ.gov.
- If you have questions about the law or any private right of action you may have, you should consult an attorney.
- Visit IRS.gov/DataDisclosure to learn more about this notice.
- If you have questions for IRS about this matter, you can email us at Notification.7431@IRS.gov. Please do not email sensitive information (e.g., EINs, business addresses, bank routing and account numbers or other sensitive Business or Personally Identifiable Information).

Enclosures:
IRC Section 7431
Copy of criminal information, U.S. v. Littlejohn

1. See 26 USC Sec. 7431, as amended by the Taxpayer Browsing Protection Act of 1997.

26 U.S. Code § 7431 - Civil damages for unauthorized inspection or disclosure of returns and return information.

(a) IN GENERAL

(1) INSPECTION OR DISCLOSURE BY EMPLOYEE OF UNITED STATES

If any officer or employee of the United States knowingly, or by reason of negligence, inspects or discloses any return or return information with respect to a taxpayer in violation of any provision of section 6103, such taxpayer may bring a civil action for damages against the United States in a district court of the United States.

(2) INSPECTION OR DISCLOSURE BY A PERSON WHO IS NOT AN EMPLOYEE OF UNITED STATES

If any person who is not an officer or employee of the United States knowingly, or by reason of negligence, inspects or discloses any return or return information with respect to a taxpayer in violation of any provision of section 6103 or in violation of section 6104(c), such taxpayer may bring a civil action for damages against such person in a district court of the United States.

(b) EXCEPTIONS

No liability shall arise under this section with respect to any inspection or disclosure—

- (1) which results from a good faith, but erroneous, interpretation of section 6103, or
- (2) which is requested by the taxpayer.

(c) DAMAGES

In any action brought under subsection (a), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

- (1) the greater of—
 - (A) \$1,000 for each act of unauthorized inspection or disclosure of a return or return information with respect to which such defendant is found liable, or
 - (B) the sum of—
 - (i) the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure, plus
 - (ii) in the case of a willful inspection or disclosure or an inspection or disclosure which is the result of gross negligence, punitive damages, plus
- (2) the costs of the action, plus
- (3) in the case of a plaintiff which is described in section 7430(c)(4)(A)(ii), reasonable attorney fees, except that if the defendant is the United States, reasonable attorney fees may be awarded only if the plaintiff is the prevailing party (as determined under section 7430(c)(4)).

(d) PERIOD FOR BRINGING ACTION

Notwithstanding any other provision of law, an action to enforce any liability created under this section may be brought, without regard to the amount in controversy, at any time within 2 years after the date of discovery by the plaintiff of the unauthorized inspection or disclosure.

(e) NOTIFICATION OF UNLAWFUL INSPECTION AND DISCLOSURE

If any person is criminally charged by indictment or information with inspection or disclosure of a taxpayer's return or return information in violation of—

- (1) paragraph (1) or (2) of section 7213(a),
 - (2) section 7213A(a), or
 - (3) subparagraph (B) of section 1030(a)(2) of title 18, United States Code,
- the Secretary shall notify such taxpayer as soon as practicable of such inspection or disclosure. The Secretary shall also notify such taxpayer if the Internal Revenue Service or a Federal or State agency (upon notice to the Secretary by such Federal or State agency) proposes an administrative determination as to disciplinary or adverse action against an employee arising from the employee's unauthorized inspection or disclosure of the taxpayer's return or return information. The notice described in this subsection shall include the date of the unauthorized inspection or disclosure and the rights of the taxpayer under such administrative determination.

(f) DEFINITIONS

For purposes of this section, the terms "inspect", "inspection", "return", and "return information" have the respective meanings given such terms by section 6103(b).

(g) EXTENSION TO INFORMATION OBTAINED UNDER SECTION 3406

For purposes of this section—

- (1) any information obtained under section 3406 (including information with respect to any payee certification failure under subsection (d) thereof) shall be treated as return information, and
- (2) any inspection or use of such information other than for purposes of meeting any requirement under section 3406 or (subject to the safeguards set forth in section 6103) for purposes permitted under section 6103 shall be treated as a violation of section 6103. For purposes of subsection (b), the reference to section 6103 shall be treated as including a reference to section 3406.

(h) SPECIAL RULE FOR INFORMATION OBTAINED UNDER SECTION 6103(K)(9)

For purposes of this section, any reference to section 6103 shall be treated as including a reference to section 6311(e).

141159



UNITED STATES DISTRICT COURT)
FOR THE DISTRICT OF COLUMBIA)
UNITED STATES OF AMERICA,)

vs.)

CHARLES EDWARD LITTLEJOHN,)
Defendant.)

Case: 1:23-cr-00343
Assigned To: Reyes, Ana C.
Assign. Date: 9/29/2023
Description: INFORMATION (A)

INFORMATION

The United States charges:

GENERAL ALLEGATIONS

1. From in or about 2017 until in or about 2021, Defendant CHARLES EDWARD LITTLEJOHN served as a contractor to Company A, a consulting firm that serviced public and private clients.

2. During the relevant period, Defendant primarily worked on contracts Company A had obtained with the U.S. Department of the Treasury's Internal Revenue Service ("IRS"). Pursuant to 26 U.S.C. § 6103(n), returns and return information were disclosed to Defendant for purposes of tax administration.

3. From in or about 2018 until in or about 2020, while Defendant was working on an IRS contract, he stole tax returns and return information associated with Public Official A and thousands of the nation's wealthiest people, including returns and return information dating back more than 15 years. He thereafter disclosed the tax information associated with Public Official A to News Organization 1 and the other tax information to News Organization 2. Both news organizations published numerous articles describing the tax information they obtained from the Defendant.

COUNT ONE

(Disclosure of Tax Return and Return Information-26 U.S.C. § 7213(n)(1))

4. The General Allegations of this Information are re-alleged and fully incorporated here by reference.

5. From in or about August 2019 until in or about November 2020, in the Northern District of West Virginia and elsewhere, Defendant,

CHARLES EDWARD LITTLEJOHN,

a person described in 26 U.S.C. § 6103(n), did willfully disclose to any person, without authorization, any return or return information, as defined in 26 U.S.C. § 6103(b), to wit, the tax returns and return information of Public Official A and thousands of other persons.

(In violation of Title 26, United States Code, Section 7213(a)(1))

TAX FORFEITURE ALLEGATION
(28 U.S.C. § 2461(c); 26 U.S.C. § 7302)

6. Paragraphs 1 through 5 of this Information are re-alleged and fully incorporated here by reference.

7. Pursuant to Title 28, United States Code, Section 2461(c) and Title 26, United States Code, Section 7302, the United States gives notice to Defendant **CHARLES EDWARD LITTLEJOHN**, that in the event of his conviction for the offense charged in this Information, all property he has used in violating the provisions of the internal revenue laws is subject to forfeiture.

Respectfully submitted,

/s/ Corey R. Amundson

COREY R. AMUNDSON

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IRS communication on data disclosure

May 10, 2024

IRS statement to taxpayers receiving Letter 6613 alerting them to the unauthorized disclosure of tax return information by an IRS contractor. The contractor, Charles Edward Littlejohn, pled guilty to the unauthorized disclosure of return information in October 2023 and was sentenced to five years in prison earlier this year.

To begin with, it should be stressed that this incident was unacceptable. Any improper access or disclosure of confidential taxpayer information is unacceptable, and it is completely at odds with the IRS's values and the agency's commitment to taxpayers.

We recognize that this incident has created a difficult situation for many taxpayers, including individuals as well as business entities. We also recognize that it is incumbent on the IRS not only to protect confidential taxpayer information, but also to address matters to the fullest extent possible when any such information is unlawfully disclosed.

We write to you today to update you on our efforts in this regard, and to provide to you what information we can regarding this incident, within the confines of the law. We will update you periodically as additional information becomes available.

We note that responding to this incident presents a number of challenges for the IRS. First, because much of the relevant information was uncovered in a criminal investigation, there are legal limitations on what the IRS can disclose. The criminal investigation was conducted by the Treasury Inspector General for Tax Administration (TIGTA) and resulted in Mr. Littlejohn being charged by DOJ with unauthorized disclosure of tax information, pleading guilty, and being sentenced to a prison term. In deference to these criminal proceedings, it was only after Mr. Littlejohn was sentenced, in February 2024, that the IRS was able to access information regarding all affected taxpayers. The data set that the IRS received at that point is voluminous and complex, and the IRS has been working with TIGTA to process and analyze this data, including to more fully understand what information, pertaining to what taxpayers, was unlawfully disclosed by Mr. Littlejohn. We are doing this so that we can provide taxpayers with notice of the incident as Section 7431 of the Internal Revenue Code requires, and so that we can take whatever additional steps are warranted to address taxpayer inquiries, interests, and concerns. This has taken some time, which is why we may need to follow up with you through additional correspondence. But there is some factual information that we can provide to you at this stage, which may help you to better assess and manage any risks presented to you by this incident:

- First, you should note that this incident occurred several years ago. In particular, Mr. Littlejohn admitted that he collected taxpayer information between 2018 and 2020, which he subsequently unlawfully disclosed to two news organizations. Mr. Littlejohn has stated details regarding these disclosures in the court filings in his criminal case.
- If you are receiving this letter, it is our understanding that Mr. Littlejohn unlawfully disclosed information corresponding to your taxpayer identification number maintained on an IRS database. We do not know – at least not at this point – the full scope of the specific information that Mr. Littlejohn unlawfully disclosed. However, a broad set of taxpayer information is maintained in this database.
- We have seen no indication thus far that any of this information has been disclosed by Mr. Littlejohn to any persons outside of the two news organizations referenced above, or that these news organizations have disclosed this information to any additional persons (beyond the information that they publicly reported). As may be of particular concern to individual taxpayers, we have not seen any indication that this taxpayer information was used in any way for identity theft or any related type of fraud.
- We understand from TIGTA and DOJ that the government has recovered the taxpayer information that was in Mr. Littlejohn's possession.

As noted above, the IRS is continuing to work with TIGTA to better understand this incident, analyze the relevant data, and take appropriate next steps. Among other things, we are continuing to contact any additional impacted taxpayers that we identify, including Form K-1 recipients that may have had their information disclosed. Of particular relevance for individual taxpayers, the IRS has in place screening and review procedures to identify and address potential identity theft and/or tax refund fraud. We also encourage taxpayers and/or their tax professional to review the resources regarding identity theft referenced in our prior letter, and to check IRS transcripts to ensure that taxpayer IRS account(s) do not reflect any unusual activity.^[1]

Apart from the measures specific to this incident discussed above, it bears noting that the IRS has taken aggressive action more generally to enhance data security – to ensure, to the fullest extent feasible, that nothing like the Littlejohn incident can happen in the future. We recognize that this does not address the most immediate concerns of taxpayers whose information has already been unlawfully disclosed. Still, in the hope that this conveys to you our commitment to safeguard tax and financial information and to protect taxpayers' rights, we note that we have developed a number of the protocols and protections that the IRS has put in place in recent years using Inflation Reduction Act (IRA) funding resources and industry and government best practices to better protect taxpayers.

These improvements include further restricting user access for the most sensitive taxpayer data sets; more robust protective security controls; more frequent data reviews; improved firewalls; stronger around the clock data monitoring; new security tools; less use of removable media; tighter email controls; new printer controls and improved retention of data access logs. More information is available here.

Please be assured that this matter in particular – and safeguarding taxpayer information in general – are among the highest priorities of the Internal Revenue Service.

[1] For information on how to request tax account records, please refer to Get Transcript.

Page Last Reviewed or Updated: 30-Jul-2024