



# State Financial External Lead Program

The State Financial External Lead Program is a collaboration between states and financial institutions to prevent tax refund fraud. Participating financial institutions notify the state revenue agency when they receive a deposit of a questionable tax refund.

## Why should a state participate in this program?

The program helps you protect against fraud and recover refunds that the financial industry identifies as questionable. State participation may increase the financial institutions' awareness and participation in the program.

## How does a state participate in this program?

Notify the Financial Services Summit Team of your desire to participate and implement the program as instructed and commit to communicate to financial institutions within 10 business days of receiving a lead.

## How does the program work?

### 1. State creates an email address

Format the email address as SFFileads@state.email.address.  
For example: SFFileads@state.mn.us.

### 2. Financial institution sends lead and password to the state

The financial institution sends two password protected and secure emails:

- Leads submission spreadsheet
- Leads submission spreadsheet password

The emails will include in the:

- **Subject line:** The institution name, date, and "external leads."  
For example: National Taxes Bank, January 16, 2016, external leads.
- **Email body:** Any special or relevant information not included in the spreadsheet.
- **Spreadsheet:** Protect the workbook using "Encrypt with Password."  
Use a strong password – which has at least eight characters and includes upper- and lower-case letters, numbers, and special characters. Attach the spreadsheet file to the email.  
Send the password in a separate email using the same subject line.

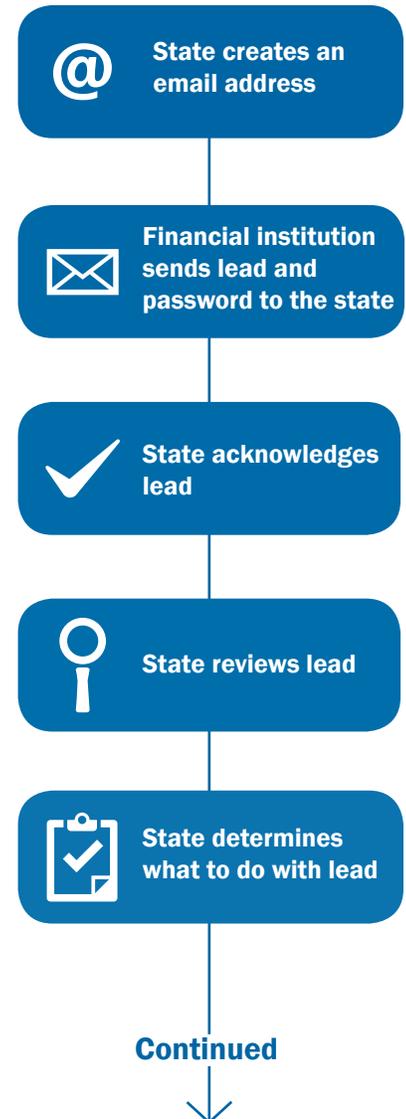
**Note:** The financial institution may use the same password for the entire filing season.

### 3. State acknowledges it received the leads within two business days

Respond by email to notify the financial institution you received the lead spreadsheet and password. In your email, include a phone number and email for your state's External Lead contacts.

### 4. State reviews the leads

Review each lead within 10 business days to determine if the financial institution should return the refund to the state or release it to the taxpayer.



**5. State notifies the financial institution of its decision**

Complete the “State’s decision column” on the spreadsheet and notify the financial institution by secure email.

**Note:** If you inform the financial institution to release the funds to the taxpayer, skip steps 6, 7, and 8, and continue with step 9.

**6. State requests the financial institution to return the refunds**

Use your state’s indemnification process to request the funds back.

**Note:** If requesting the funds back, make sure the funds are not automatically reissued to the taxpayer.

**7. Financial institution returns the refunds to the state**

The funds may be sent as an ACH credit or by paper check.

**8. State follows up as needed**

This may include reconciling the account, reversing refunds, preventing like refund issues, and communicating the change through a tax order, general correspondence, etc. Follow your state’s communication process.

**9. State communicates with the Financial Service Industry**

States share the success of the program, lessons learned, and opportunities to enhance the program annually. The Summit Financial Service Team will provide reporting guidelines.

