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 SFIleads@state.email.address.
   For example: SFIleads@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.