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Philcox Crystal

From: Landes Scott S
Sent: Thursday, July 30, 2015 8:46 AM
To: Philcox Crystal; Ho Elaine P; Wearing Robert Theodore; Lemons Terry L; Eldridge Michelle L; Rillotta Joseph A; Oursler Leonard T; Amato Amy
Subject: 7-29-15 Senate Judiciary Subcommittee Hearing on "Revisiting IRS Targeting: Progress of Agency Reforms and Congressional Options" (CQ transcript)
Attachments: Transcript from 7-29-15 Senate Judiciary Hearing.docx

Here is the CQ transcript from yesterday's hearing.

Senate Judiciary Subcommittee on Oversight, Agency Action, Federal Rights and Federal Courts Holds Hearing on IRS Targeting Overview

LIST OF PANEL MEMBERS AND WITNESSES

CRUZ:

This hearing will come to order. Welcome, everyone. Welcome, Mr. Koskinen, I appreciate your being here.

We are here today, convening this hearing for two unfortunate reasons. The main reason we are here is because we have a broken tax system in this country. Our income tax system today, embodied in the IRS, hurts the American dream. It takes money out of the pockets of hardworking Americans, it reduces their take-home pay, it stifles economic growth, it keeps small businesses from becoming businesses and it's created a labyrinth of credits and deductions that empowers politicians at the expense of hardworking Americans.

But the other reason we are here is because, with the exponential growth of the tax code, with the unbelievable complexity of our current tax system, we have seen the creation of an entity that I believe is not longer serving the interest of the American people. The IRS has been considered by the American people to be an abusive agency for so long, that for many Americans it's become the embodiment of what's wrong with government and what's wrong with Washington.

As it has metastasized over the decades, taking more and more out of the pockets of hardworking taxpayers, the IRS has become more and more powerful. There were few things more terrifying to an American citizen than the IRS come knocking at your door.

But the last six and a half years, it's taken an even darker turn. Students of history are well aware that Richard Nixon attempted to use the IRS to target his political enemies. That was wrong. It was an abuse of power, and it is to the credit of the professionals at the IRS that they refused President Nixon's demands that the IRS be turned into a political weapon.

The last six and a half years, unfortunately, the IRS did not demonstrate that same courage, that same integrity, that same willingness to stand up to political demands. The available evidence indicates that not only did the Obama administration attempt to use the IRS to silence, to punish its political enemies, but the Obama administration succeeded in doing so.

When Richard Nixon abused his power, he was rightly condemned by both parties for an abuse of power. And indeed, in the early days of the IRS scandal, the same was true of the Obama administration. On the day that the Inspector General Report of the Treasury Department broke, President Obama said he was outraged, he said, "I am angry, and the American people have a right to be angry as well."

I don't say this often, but I agree emphatically with President Obama. The American people have a right to be angry when an instrument of the Federal Government is used as a partisan cudgel to punish, to silence citizens that dare speak out against their government, that dare take a different policy view than the current party in power. And yet, although the American people had a right to be angry, many months have passed, years have passed, and not one single person has been indicted. Years have passed, and many of the victims of illegal targeting have yet to be interviewed.

Now, some might think that is curious. If the president of the United States was telling the truth when he said he was angry, one would expect action from prosecutors. And yet subsequently, the rather stunning news broke that the Obama Justice Department put in charge of the investigation, a major democratic donor who had

given over \$6,000 personally to President Obama and the Democrats, and wonder of wonder, marvel of marvels, when you ask a major democratic donor to investigate whether the IRS is targeting the political enemies of the Obama White House, nothing happens.

Twice, we've seen Lois Lerner come before the United States Congress, raise her hand and plead the fifth. Now, that is her right under the Constitution, under the Bill of Rights, but it's worth understanding what that means. When you are pleading the fifth, you are saying, "If I answer your questions, I may well implicate myself in criminal conduct." A senior official of the IRS twice saying, "If I answer your questions, I could end up in the slammer."

Anyone who cares about integrity in government should be horrified at senior government officials saying, "I can't tell you what I did, because criminal liability may result." And yet, those protestations of how angry the president was, how angry the American people should have been somehow faded into the mist. With a pattern we've seen of scandal after scandal after scandal of this administration, on day one the president always says he's angry, and then the next step kicks in. The administration begins stonewalling, begins denying witnesses, begins resisting turning over documents, begins suddenly saying we've lost Lois Lerner's emails.

Wonder of wonder, don't expect a government agency to actually keep records of emails being sent by senior government officials. We've destroyed the hard drives.

I have to say -- Richard Nixon's ghost must've been smiling at that protestation. Tricky Dick understood well destroying emails. In his day, it was erasing tape, but it was much the same. We should expect accountability from our government.

And, we should expect to know the extent to which the Federal government continues to target those who appear to be the political enemies of the President.

There is a reason there is a growing hue and cry across this country -- to abolish the IRS altogether. Part of it is simply the abuses of the tax code, the burdens on people struggling to achieve the American dream. Part of it is the complexity that nobody, it seems, understands fully what the tax code says, even those with advanced professional training have to hire specialized accountants to keep up with the vast complexity.

But, the real reason why more and more Americans in all 50 states are saying enough is enough is we should not have a federal government agency that becomes an intimidator going after citizens, going after citizen groups, violating their First Amendment right. No politician has the right to use the machinery of the Executive Branch to target political enemies. When Richard Nixon did it, it was wrong, and he rightly resigned from the Presidency in disgrace for his abuse of power.

I'm reminded of noted liberal constitutional law professor, Jonathan Turley, who voted for President Obama in 2008. He's no conservative. Yet, Professor Turley has told Congress that President Obama has become the embodiment of the imperial presidency, that Barack Obama has become the President that Richard Milhouse Nixon always wished he could be.

This hearing is about ensuring accountability at the IRS, both for past misconduct that continues to be covered up, to be stonewalled, that continues to lack any accountability. And, also for current and future practice -- to answer the question what is happening today. Right now. Who is being targeted by the Obama IRS.

Is it limited to 501(c)(3) and (c)(4) groups, or is it targeted to individuals? I cannot tell you how many individuals as I travel the country relay stories that say, you know, "I got involved in the last election, the 2012 election, I supported, I raised money for Mitt Romney. I raised money for Rick Perry. I raised money for some Republican candidate, and I've been in business 20, 30, 40 years, I've never been audited. As soon as my name was published in the papers, within months the tax man comes knocking."

Not one or two anecdotal stories does not prove a pattern. But, it's incumbent on the Senate, it's incumbent on Congress to ask is there a pattern. If the IRS has become a partisan arm of the Democratic National Community, there can be no stronger argument for ending the IRS as we know it so that no administration, Democrat or Republican, can use the IRS to target its political opponents. If a Republican president did this, as Richard Nixon tried, I can assure you I would ever be -- be every bit as loud and clear that it is an abuse of power.

And, for a Democratic administration to do this, and to find Democratic defenders of this abuse of power if profoundly dangerous to the liberty. That is the basis for the incredible miracle that we call the United States.

Senator Coons?

COONS:

Thank you, Mr. Chairman. Let me just state at the outset that the IRS activity that is at the root of this hearing was unacceptable, and unfortunate. American citizens ought to be confident that their government will not target them for special scrutiny because of their names, or their political views.

But, I would also not that the Treasury Inspector General of the Tax Administration has concluded that the IRS did not willfully hold, or destroy documents, and many of the allegations just made at the opening of this hearing strike me as a rehashing of complex conspiracy theories already thoroughly investigated and dismissed by the Inspector General himself.

In 2010, a narrow five-justice majority of the Supreme Court decided *Citizens United*, which overturned multiple Supreme Court precedents and opened the door to unfettered campaign spending by corporations and mega-donors.

This decision led to a significant increase in political and campaign spending, with 30 percent more being spent by outside groups in the 2010 mid-terms than in 2008, and then in 2012, an increase of six fold over 2008.

While much of this spending was done independently, or through 527's, or Super PACs, much of it was also done through 501(c)(4) organizations. At first one might think 501(c)(4)'s as non-profit social welfare organizations exist wholly apart from the disputed campaign finance industrial complex. Such organizations, after all, are required by statute to be, quote, "operated exclusively for the promotion of social welfare." close quote.

And IRS regulations specify this, social welfare activities do not include campaign activity. Rather than interpreting the statutory requirements for such organizations in a strict and technical fashion, however, the IRS has for many, many years decided to permit some political activity by 501(c)(4)'s provided that their primary purpose is the promotion of social welfare.

So the world we live in is one where almost every PAC now has an associated 501(c)(4), which is permitted to engage in some electioneering activity as long as it doesn't do too much of it, and can thus operate totally tax free, and totally outside of the public disclosure regime -- that is virtually all that remains of the now tatters of our campaign finance laws.

The IRS, in this regard, has an exceptionally difficult job to do. The Supreme Court, having dismantled the heart of the McCain-Feingold Campaign Finance Reform bill has left the IRS to stand in the place of the Federal Election Commission.

Thousands of groups present themselves as though they exist to promote social welfare, but really, in many case, they actually exist to funnel secret dollars around the country to influence elections. Many have seized

upon the use of inappropriate criteria by the IRS to single out 501(c)(4) applicant organizations for further review.

As compelling evidence that the IRS is, as I think has just been suggested, an evil organization. You've heard the Chairman accuse the administration of planning this activity at the highest levels, and of having been caught, and of engaging in a far ranging scheme to cover up that involvement.

These are very serious allegations. They're also unfounded allegations. The Republican Inspector General has found not one shred of evidence that the inappropriate targeting of applicant organizations was directed by individuals, or entities in Washington.

IRS field personnel have uniformly denied any involvement by supervisors in Washington, or the White House. The Supervisor of the screening agent who first utilized 912 and Tea Party to screen organizations for further review, was himself a self-identified a conservative Republican who has said, and I quote, "I do not believe that the screening of these cases had anything to do, other than with consistency and identifying issues that needed further development."

An IRS specialist in Washington called the idea that there was White House involvement in directing this, quote, "laughable."

Progressive groups, as well as conservative ones, were screened for further development and investigation of their files. Any disparity in the raw numbers of organizations on either side that were targeted is likely a result of the fact that in 2010 to 2013, more than five times as many conservative as liberal groups filed for tax exempt status under this code section.

Much has been made of the great difficulty that the IRS has had producing emails from relevant custodians over a relevant time period. My understanding through discussion with Commissioner Koskinen is that the total number of emails available to the IRS, but not initially produced, is actually quote small, and that none of these emails suggest a politically motivated conspiracy on the part of the IRS, or the administration, but I suspect we will develop that further in these discussions today.

I will just note again that the Treasury Inspector General has concluded the IRS did not willfully withhold, or destroy documents.

Our campaign and finance laws, frankly are broken. More and more power is being concentrated by super advantaged donors who are able to exert influence through the propagation of shadowy organizations that work in the vague roles that govern 501(c)(4) organizations.

The actions by IRS at the center of this hearing, and about which many Americans are rightfully upset and concerned, were not the result of malicious intent, but rather the result of workers attempting to administer an unworkable system that has no clear lines, and frankly, makes little logical sense.

Rather than trying to score political points by distorting a set of unfortunate, but basically honest mistakes by civil servants, we should instead ask ourselves the question, how is it that we have all allowed such an irrational system to continue to exist? We need clearer rules.

Rules that define which activities are properly viewed as social welfare, and which are properly viewed as political. We need rules that put organizations on fair notice, and we need rules the IRS can administer.

I hope that the witnesses today will be able to shed some light on this question. How do we reform the tax code and the rules so that all Americans once again can regain confidence, that the IRS is operating fairly, transparently, and without favor to enforce the laws that Congress has enacted.

Thank you. Thank you, Mr. Chairman.

CRUZ:

Thank you, Senator Coons.

May I ask Mr. Koskinen to please stand?

Raise your right hand. Do you affirm that the testimony you're about to give before the committee will be the truth, the whole truth, and nothing but the truth, so help you god.

KOSKINEN:

I do.

CRUZ:

Thank you, Mr. Koskinen. I welcome you to this committee, I thank you for coming.

To testify, the Honorable John Koskinen is the 48th commissioner of the Internal Revenue Service. Prior to his appointment, Commissioner Koskinen served as the non-executive chairman of Freddie Mac from 2008 to 2012, and its acting chief executive officer in 2009. Previously, he served as president of the U.S. Soccer Foundation, deputy mayor and city administrator of Washington, D.C., and deputy director for management at the Office of Management and Budget.

He began his legal career clerking for Chief Judge David L. Bazelon in the U.S. Court of Appeals for the D.C. Circuit. Mr. Koskinen holds a Bachelors Degree from Duke University and law degree from Yale Law School, something from which I'm sure we can all forgive him.

(LAUGHTER)

CRUZ:

Mr. Koskinen?

KOSKINEN:

Chairman Cruz, Ranking Member Coons, and member of the subcommittee, thank you for the opportunity to discuss the work the IRS has been doing to correct the management mistakes associated with the determination process for tax-exempt status two years ago.

Let me reiterate my belief that the IRS must continue to do everything possible to make sure all individuals and organizations can be confident they will be treated fairly in their dealings with this agency. They need to know they will receive fair, unbiased treatment, regardless of their political affiliation, their position on contentious political issues, or whom they -- whom they supported in the last election.

Even with our declining resources, the IRS will still audit over one million individual taxpayers this year. When someone hears from us regarding their tax return, they need to understand that it's only because of something that is or should be in their return, and not other factors. And if someone else has the same issue on their return, they will hear from us as well within the limit -- within the limits of our budget resources.

The situation described by the inspector general in his May 2013 report should never have happened, and we are doing everything possible to ensure that the mistakes referenced in that report do not happen again. As part of our work to move forward, we have implemented all of the recommendations of the inspector general made in his report. The I.G. noted our efforts in a follow-up report, issued in March of this year.

Philcox Crystal

From: Lemons Terry L
Sent: Wednesday, July 29, 2015 4:28 PM
To: Nadal Yadira G; Eldridge Michelle L; Leas Matthew F; Koskinen John A; Dalrymple John M; Tribiano Jeffrey J; Rillotta Joseph A; Philcox Crystal; Ho Elaine P; Sterner Christopher B; Wilkins William J; Kane Thomas J; Grant Dianne; Amato Amy; Hudson Larry D; Pryde Joan A; Allen Sarah
Subject: Re: 3rd round of media clips re: sen. judiciary subcommittee

Here's initial round-up of coverage from hearing and from White House press briefing. Media shop has a sampling below.

From: Nadal Yadira G
Sent: Wednesday, July 29, 2015 04:09 PM
To: &C&L-COMM-MR Ees; Friedland Bruce I; Lemons Terry L; Eldridge Michelle L; Dinh Leuyen D
Subject: 3rd round of media clips re: sen. judiciary subcommittee

<http://abcnews.go.com/Politics/wireStory/sen-cruz-takes-traditional-gop-target-irs-32765214>

AP

Sen. Cruz Takes on More Traditional GOP Target: the IRS

WASHINGTON — Jul 29, 2015, 3:34 PM ET
By STEPHEN OHLEMACHER Associated Press

After a week of fighting with other Republicans, Sen. **Ted Cruz** is taking on a more traditional GOP target: the IRS.

At a Senate hearing Wednesday, the Republican presidential candidate called the IRS the embodiment of everything that is wrong with government.

Cruz said the tax agency, which he wants to abolish, has stopped serving the American people.

Cruz was referring to a scandal that erupted in 2013 in which the IRS acknowledged that agents had improperly singled out conservative political groups for extra scrutiny when they applied for tax-exempt status.

At the hearing, IRS Commissioner John Koskinen said the agency has taken steps to make sure it never happens again.

Last week, Cruz raised the ire of fellow Republicans when he accused Senate Majority Leader **Mitch McConnell** of lying.

From: Nadal Yadira G

Sent: Wednesday, July 29, 2015 3:18 PM

To: &C&L-COMM-MR Ees; Friedland Bruce I; Lemons Terry L; Eldridge Michelle L; Dinh Leuyen D

Subject: 2nd round of media clips re: sen. judiciary subcommittee

<http://www.washingtontimes.com/news/2015/jul/29/obama-wont-fire-irs-commissioner-john-koskinen/>

Washington Times

Obama won't fire IRS commissioner, White House says

By Dave Boyer - The Washington Times - Wednesday, July 29, 2015

President Obama has no intention of firing IRS Commissioner John Koskinen, the White House said Wednesday in response to Republican lawmakers calling for his ouster.

Mr. Koskinen "is a man of the highest integrity," said White House deputy press secretary Eric Schultz, who called him "the right person to lead this agency."

Rep. Jason Chaffetz, Utah Republican and chairman of the House Committee on Oversight and Government Affairs, made his request Monday in a letter to Mr. Obama. He argued Mr. Koskinen has repeatedly "obstructed" congressional probes into the agency's political targeting of taxpayers, and that the president vowed in 2013 to "work hand-in-hand with Congress to fix the problem."

Mr. Chaffetz said that Mr. Koskinen, in more than two years in the job, has obstructed congressional investigations by failing to testify truthfully, comply with subpoenas and preserve as many as 24,000 emails related to congressional investigations.

Republican Reps. Ron Desantis of Florida and Jim Jordan of Ohio also said in an op-ed Monday in the Wall Street Journal that they'd try to impeach Mr. Koskinen if the president doesn't fire him.

Mr. Schultz chided "two House Republicans who tried to make news on this." He said a government watchdog has found extensive cooperation by the IRS in congressional probes and no evidence of political motivations at the agency.

<http://thehill.com/policy/finance/249655-cruz-at-least-the-irs-stood-up-to-nixon>

The Hill

Cruz: At least the IRS stood up to Nixon

By Bernie Becker - 07/29/15 03:05 PM EDT

Sen. Ted Cruz (R-Texas) accused the IRS on Wednesday of purposefully targeting conservative groups for political reasons, and failing years later to have cleaned up the problem.

But Cruz, who's running for president in 2016, made sure that a comparison of two White House occupants – President Obama and Richard Nixon – were part of his case as well.

Cruz, who's made abolishing the IRS a part of his presidential pitch, noted that Nixon had tried to use the agency to target his political opponents some four decades ago.

The difference during Obama's tenure, Cruz suggested, is that the IRS didn't have the courage to stand up to the administration.

"If the IRS has become a partisan arm of the Democratic National Committee, there can be no stronger argument for ending the IRS as we know it," Cruz said at a Senate Judiciary subcommittee hearing.

Lois Lerner, then a top IRS official, acknowledged more than two years ago that the agency wrongly gave extra scrutiny to conservative groups seeking tax-exempt status.

John Koskinen, the IRS's commissioner, has said it's not his call to say whether the agency deliberately targeted those groups, though at Wednesday's hearing he did note that a Treasury inspector general found no evidence of political motivation.

The IRS chief, who saw House Republicans call for his job this week, added that he's now testified before Congress some 30 times in roughly a year and a half as commissioner about the tax-exempt manner.

He found an ally in Sen. Chris Coons (D-Del.), who accused Cruz of unspooling "a rehashing of complex conspiracy theories already thoroughly investigated."

"These are very serious allegations," Coons said. "They are also unfounded."

But Cruz latched on to Lerner's own beliefs – who once called conservatives "crazies" – to make his case.

"Richard Nixon's ghost must have been smiling," Cruz said.

From: Nadal Yadira G

Sent: Wednesday, July 29, 2015 3:05 PM

To: &C&L-COMM-MR Ees; Friedland Bruce I; Lemons Terry L; Eldridge Michelle L

Subject: 1st round of media clips re: sen. judiciary subcommittee

<http://www.bloomberg.com/politics/articles/2015-07-29/ted-cruz-says-richard-nixon-s-ghost-is-smiling-while-watching-obama-s-irs>

Bloomberg

Ted Cruz Says Richard Nixon's Ghost Is Smiling While Watching Obama's IRS

Jul 29, 2015 2:38 PM EDT

The presidential candidate tears into the agency's alleged abuses of power at a hearing in Washington.

Richard Rubin t [RichardRubinDC](#)

Ted Cruz thwacked the gavel—and then thwacked the IRS.

The Texas senator and presidential candidate is using his perch on a Senate subcommittee to flay the Internal Revenue Service, an agency that he says shouldn't exist as we know it.

With Commissioner John Koskinen seated in front of him on Wednesday, Cruz tore into the agency's alleged abuses of power—namely its extra scrutiny of Tea Party groups seeking tax-exempt status and its destruction (inadvertent, the agency says) of e-mails sent by Lois Lerner, the former head of the IRS exempt organizations office.

“No politician has the right to use the machinery of the executive branch to target their political enemies.”

Senator Ted Cruz

"Richard Nixon's ghost must have been smiling," Cruz said, comparing the IRS' actions to the destruction of audio tapes in the Watergate scandal and pausing to applaud Nixon's decision to resign. "No politician has the right to use the machinery of the executive branch to target their political enemies."

The sentiment wasn't bipartisan. Delaware's mild-mannered Chris Coons, given the task of following Cruz, said the Texan was basically rehashing debunked conspiracy theories and offering up "unfounded allegations" that anyone in Washington directed targeting of conservative groups.

House Republicans, including Oversight Committee Chairman Jason Chaffetz, have called for President Barack Obama to fire Koskinen and have threatened impeachment for misleading Congress.

Cruz hasn't gone there during this hearing—at least not yet.

And unsurprisingly, neither has the White House. Eric Schultz, a White House spokesman, said on Wednesday that Koskinen is "a man of the highest integrity" who is the "right person" to lead the IRS.

Obama nominated Koskinen in 2013 to revamp the agency after the controversy about Tea Party groups prompted the resignation of Steve Miller, then the acting commissioner.

Yadira G. Nadal

IRS National Media Relations

202-317-4000

Onorato Corina R

From: Amato Amy
Sent: Friday, May 15, 2015 10:20 AM
To: Philcox Crystal; Canady Robin; Oursler Leonard T; Lemons Terry L
Subject: Finally connected with Sen. Reid's staff

Importance: High

Here's what she is requesting. Is there anything off the shelf we can use?

Thanks!

Given all the talk about abolishing the IRS, I was hoping you would have a good fact sheet on the effectiveness of IRS collections/bang for the buck in how IRS has pursued collection. I have what's on your website, but given that folks are saying we should shut down the IRS, what are your best set of arguments.

Please note, my old phone number is no longer active, and has been replaced by the following new phone number: 202-317-4228.

Philcox Crystal

From: Lemons Terry L
Sent: Wednesday, April 08, 2015 7:01 PM
To: Philcox Crystal
Subject: Re: Twitter / TPC

Hard telling. Maybe there was some red eye on the c-span feed? Or a sci-fi joke?

DRW looked quite Palm Springs today - v. stylish.

From: Philcox Crystal
Sent: Wednesday, April 08, 2015 06:41 PM
To: Lemons Terry L
Subject: RE: Twitter / TPC

What's with the alien comment?

*Crystal Philcox
Chief of Staff
Internal Revenue Service
(v) 202-317-4072
(m) 202-320-2788*

From: Lemons Terry L
Sent: Wednesday, April 08, 2015 6:31 PM
To: Koskinen John A; Dalrymple John M; Burns Stuart; Philcox Crystal; Ho Elaine P; Eldridge Michelle L; Babcock Tracey J; Friedland Bruce I; Marcuss Rosemary D; Pryde Joan A; Allen Sarah
Subject: Twitter / TPC

Just FYI, a sampling of Twitter activity during the TPC speech from Tracey in our social media group.

NSAtax 2:45pm

#IRS Commissioner #Koskinen "stunned" by IRS budget and workforce. "Across the board, there aren't enough people."

stodrick 2:43pm

Koskinen @TaxPolicyCenter on #IRS staffing: Aren't enough people in any of our divisions—literally no place that has enough people.

RichardRubinDC 2:42pm

Koskinen on touring the IRS divisions: "I was just stunned that there was literally no place that had enough people."

NSAtax 2:41pm

#IRS Commish: We aren't asking to be cutting edge or to hire thousands, we just want enough money in our budget to work in the 21st century!

kat_lucero 2:39pm

Koskinen open to other fed agencies administering social welfare-tax programs (bc of operational challenges) #IRS @TaxPolicyCenter

CraigBunchen 2:38pm

@BrookingsEcon You cannot be serious in your attempts to balance the budget or service our debts if you also vote to underfund the #IRS.

RichardRubinDC 2:36pm

Koskinen says the IRS will release a new tax gap report end of 2015 or early 2016.

NSAtax 2:35pm

The #IRS only has 650 employees who are 25 or younger. Commissioner #Koskinen: We are facing our own version of the Baby Bust.

Amyw1119_CPA 2:34pm

"650 people under age of 25 in #IRS workforce" -Commissioner Koskinen on aging workforce & hiring freeze

@TaxPolicyCenter @BrookingsEcon

Amyw1119_CPA 2:30pm

Is it realistic for Congress to continue to ask #IRS to do work outside of tax realm, such as social welfare, while lowering their budget?

MRDIRK49 2:30pm

5 years of budget cuts the IRS is cash-strapped-Commissioner John Koskinen "It's abysmal," wapo.st/1CwwAsM

stodrick 2:30pm

Koskinen @TaxPolicyCenter: Ironical that people keep attacking the #IRS, but continue giving us more things to do.

BrookingsInst 2:28pm

Koskinen: When people say they want to abolish the #IRS, many are simply reacting to the fact that the tax code is too complicated.

TaxCreditsWF 2:28pm

Commissioner Koskinen: the #IRS is still using models & technology from the Kennedy era, funding cuts have left the agency unable to upgrade

lenburman 2:26pm

Commissioner Koskinen said #IRS budget cuts will cost \$billions in uncollected taxes: "tax cut for cheaters"

@TaxPolicyCenter

kat_lucero 2:26pm

#IRS running "full-court press" amid challenges - @DukeU alum, taxchief J.Koskinen @TaxPolicyCenter #MarchMadness

blakendecker 2:25pm

.@cspan @BrookingsInst Look at the eyes. He's an alien. #budget #irs

NSAtax 2:23pm

#IRS Commissioner #Koskinen: "The system will be put at risk" if people try to take advantage of our workforce reduction.

RichardRubinDC 2:22pm

And you knew it was coming. Koskinen on future IRS improvements: "I went to Duke, so I'm using terms like full court press."

BrookingsInst 2:22pm

We're not trying to go to the moon or Mars. People should be able to expect same level of service from #IRS in the future, says Koskinen.

BrookingsEcon 2:21pm

"Most things that taxpayers need to do can be done virtually" - #IRS Commissioner on what could be offered w/ resources; be taxpayer focused

NSAtax 2:19pm

IRS Commissioner #Koskinen: We are using "antiquated systems" that could be in danger of hackers; some applications dating back to JFK

stodrick 2:19pm

Koskinen @TaxPolicyCenter: #IRS is using technology and models that were running when JFK was president.

BrookingsEcon 2:19pm

A need for resources: "We have many programs running that were around when JFK was president." #IRS Commissioner Koskinen

BrookingsInst 2:18pm

Only 3% of #IRS employees are under 30, says Commissioner John Koskinen. "Essentially the IRS is facing its own version of the Baby Bust."

stodrick 2:17pm

Koskinen on #IRS budget cuts: "Extremely concerned that the cracks are beginning to show." @TaxPolicyCenter

NSAtax 2:16pm

#IRS Commissioner John Koskinen: IRS phone support delays are "unacceptable," but IRS is suffering from "starving funds"

RichardRubinDC 2:14 pm

IRS Commissioner Koskinen on new responsibilities from Congress: "We'll do the best we can. That's because we have no choice."

BrookingsEcon 2:13pm

"My view is simple: The underfunding of the agency is the most serious challenge facing the agency today."

Commissioner John Koskinen #IRS

RobertGoulder 2:11pm

#IRS forced to do "less with less" per Commish Koskinen @TaxPolicyCenter @TaxAnalysts

BrookingsEcon 2:11 p.m.

The cumulative cost effects of #IRS budget cuts is well into billions due to lack of enforcement. It's "a tax cut for tax cheats."

stodrick 2:11pm

Koskinen: Underfunding is the most critical challenge...#IRS is going to have to do less with less. @TaxPolicyCenter

BrookingsInst 2:10pm

The #IRS is now at its lowest level of funding since 2008. When adjusted for inflation, that's comparable to 1998, says John Koskinen.

Tracey J. Babcock

Chief, Social Media Branch

Internal Revenue Service

304-579-6141 **P** | 614-586-3723 **M**

Philcox Crystal

From: Lemons Terry L
Sent: Wednesday, April 08, 2015 11:22 PM
To: Koskinen John A; Dalrymple John M; Burns Stuart; Philcox Crystal; Ho Elaine P; Lough Sunita B; Hansberry Donna C; Ripperda Tamera L; Eldridge Michelle L; Friedland Bruce I; Oursler Leonard T
Subject: Fw: NY Times: IRS Shortcut to. Tax-Exempt Status is Under Fire

Fyi, here's the Times story on the 1023-EZ. Looks like it will be in the Business section on Thursday. Not surprisingly, the top focuses on criticism, but they do give a fair amount of space to the response from Tammy. Lot of other things folded into the last half of the story.

----- Original Message -----

From: Friedland Bruce I
Sent: Wednesday, April 08, 2015 10:09 PM
To: Lemons Terry L; Eldridge Michelle L
Cc: Burke Anthony
Subject: NY Times: IRS Shortcut to. Tax-Exempt Status is Under Fire

I.R.S. Shortcut to Tax-Exempt Status Is Under Fire

By PATRICIA COHEN
APRIL 8, 2015

Battered by a scandal over delays in approving groups for tax-exempt status and plagued by a backlog tens of thousands of cases long, the Internal Revenue Service unveiled a strikingly stripped-down online application last year to speed the process.

But to critics, the I.R.S.'s version of "don't ask, don't tell" is fraught with problems. An unlikely coalition of tax lawyers, state enforcement agents and even many nonprofits that favor simpler rules say that the agency — by not asking any questions about governance, conflicts of interest or function, and saying applicants don't have to reveal any such issues — is making it too easy to commit fraud.

The form, 1023-EZ, was introduced over the summer and is available to small charities with an annual income of \$50,000 or less and assets under \$250,000. Instead of wrestling with a painstaking 26-page application that demands extensive documentation, these groups can now fill out a two-and-a-half page checklist that requires no additional paperwork or even a statement of purpose.

"In many communities, it takes more to get a library card than it takes to get this new exempt status," said Tim Delaney, president and chief executive of the National Council of Nonprofits, a network of charitable groups. His group opposed the new form, arguing that the I.R.S. is abdicating its responsibility to screen groups, and that, in the long run, potential abuse will undermine public trust in charities.

The National Association of State Charity Officials has also taken a stand against the EZ route, complaining that it will further strain already overburdened regulators.

Tamera Ripperda, director of the I.R.S.'s Exempt Organizations division, said the criticisms were misplaced. "We underwent a thorough risk assessment of this form," Ms. Ripperda said.

Looking through its records, the I.R.S. found that about two-thirds of applicants were small, fledgling groups that had not started operating, so that the detailed vetting was premature. Once approved, groups are required to file yearly tax returns.

"We think that this is a better use of our resources," Ms. Ripperda said. "Rather than examining groups upfront on what they plan to do, we're going to examine them on what they're actually doing."

Since the EZ form's introduction last July, 28,000 groups have used it, Ms. Ripperda said. To check for abuse, the agency selected about 1,000 for more in-depth review and questioning.

"So far we've not found any indications that the EZ has been intentionally misused," she said. Processing time for the new EZ application is averaging 16 days, compared with an average of 110 days for the long form.

She added that the backlog of existing applications had also been eliminated.

Advocates and tax professionals have long complained that applying for exempt status was a punishing ordeal, particularly for charities with small budgets. The original Form 1023 requires a narrative statement and extensive documentation, including bylaws, articles of incorporation, copies of contracts with officers, directors and service providers, and financial data.

Nina Olson, the National Taxpayer Advocate, had urged the agency to adopt an EZ version, but the new form, she wrote in a memorandum to the agency last year, "goes too far in the opposite direction, effectively making a mockery of the I.R.S.'s significant oversight function."

She and other critics warn that without any review, even the best-meaning organizations could end up making serious legal and operational missteps.

As for those without the best intentions, some tax experts worry that the new application invites abuse.

"There is no real reporting to the I.R.S. on the front end or on an annual basis," said Marcus Owens, a Washington lawyer who was formerly the director of the I.R.S.'s Exempt Organizations division. "It puts an extraordinary amount of faith in taxpayers playing by the rules. Most will, but how many do you need creating scams before it becomes a problem? History shows people will take advantage of it."

With Tax Day little more than a week away, the Internal Revenue Service is struggling on several fronts to manage the onslaught of tax returns even as two Republican presidential candidates are campaigning to abolish the agency and Congress has imposed what many outside experts see as crippling budget cuts.

As for the I.R.S. itself, the commissioner, John A. Koskinen, has already sent up warning flares, telling the public to expect fewer audits, delayed refund checks and fewer protections against identity theft.

According to Mr. Koskinen, funding levels are down to what they were in 1998, after taking inflation into account. Yet the number of tax filers has increased by 30 million, and there are many new legislative demands, including responsibility for administering the tax credits that subsidize millions of people under the Affordable Care Act.

The backlog of tax-exempt applications, for example, began to build in 2010, Ms. Ripperda said, after Congress mandated the automatic revocation of status for groups that failed to file returns three years in a row.

Services intended to help taxpayers are also hurting. At a congressional hearing last month, Ms. Olson, the taxpayer advocate, testified that during the first seven weeks of this year, the I.R.S. was able to answer only 40 percent of taxpayer calls with an average hold time of about 26 minutes. Last year, during the same period, 76 percent of calls were answered with an average 11 minutes on hold.

A new report from the Center on Budget and Policy Priorities chastises lawmakers for failing to provide "the I.R.S. with the funding it needs to administer the nation's tax laws and collect taxes."

Congress also continues to investigate roadblocks the agency used to stop certain groups from applying for tax-exempt status, including those associated with the Tea Party movement. The I.R.S. had engaged in its own form of profiling, using a "lookout list" of certain terms that flagged conservative and progressive groups as well as open-source software developers and Palestinian rights advocates. Much of the agency's top leadership resigned.

Still, several Republicans, including possible presidential contenders like Senator Ted Cruz and Senator Rand Paul, have gone so far as to propose abolishing the I.R.S. altogether.

"In my view, there is a powerful populist instinct to take the 110,000 employees at the I.R.S., to padlock the building and to put all 110,000 of them down on our Southern border," Mr. Cruz said in January, after the Republicans took control of Congress.

That's certainly not happening before April 15, if ever. So until further notice, the I.R.S. will still be on the case.

Philcox Crystal

From: Lemons Terry L
Sent: Wednesday, April 08, 2015 11:02 AM
To: Koskinen John A; Dalrymple John M; Burns Stuart; Philcox Crystal; Ho Elaine P; Eldridge Michelle L; Oursler Leonard T; Holland Debra S; Alito David P; Breitbeil Julianne Fisher; Cressman William M; Evans Liz E; Canady Robin; Grant Dianne; Brandt Thomas A; Schiller Karen M; Murphy Mary Beth
Subject: Bloomberg article

FYI, Bloomberg article on IRS employees and the budget is now out.

From: Burke Anthony
Sent: Wednesday, April 08, 2015 10:19 AM
To: &C&L-COMM-MR Ees; &C&L-COMM-MR-1 Ees; Friedland Bruce I; Lemons Terry L; Eldridge Michelle L; Evans Liz E; Southwell James E
Subject: Bloomberg Item

Bloomberg

April 8, 2015

An Emotional Audit: IRS Workers Are Miserable and Overwhelmed
Paying taxes to the IRS is no fun. Neither is working there

by Devin Leonard Richard Rubin

They start lining up before 7 a.m. An hour and a half later, more than 60 people are waiting to get into the Internal Revenue Service's Taxpayer Assistance Center in Philadelphia, across the street from the Liberty Bell. Young men in parkas and Phillies caps lean sullenly against the wall. Older couples camp on the hard marble floor with their forms in their laps. Some have haunted the lobby for several days, waiting to see someone like Candace Gaddy.

Inside the service center, Gaddy, an IRS taxpayer assistance specialist, sits stoically in a beige cubicle marked by an electric sign with a red numeral 5. She has long, dark hair and wears a white turtleneck, black vest, black jeans, and black boots. She's neatly arranged stacks of tax forms on her table in front of her. The speakers of her Hewlett-Packard computer softly emit the Jay Z song 99 Problems. She'll hear quite a few from taxpayers today.

A 16-year IRS veteran, Gaddy wishes she could share some of her own IRS troubles with her visitors. Her salary has risen only 2 percent in the last four years. The center lost its secretary and hasn't replaced her because of a four-year-old hiring freeze throughout the agency, which means Gaddy and the remaining employees handle clerical duties, too. One of her fellow specialists spends all his time now answering questions via webcam from taxpayers in Harrisburg, Pa., because that office is short-staffed. Last year, to reduce the lines, the IRS discontinued its practice of preparing simple tax returns as a courtesy for people, many of them elderly. But in Philadelphia the queues have stayed the same or grown longer, because so many people come in with questions about tax credits for Obamacare and what to do to prevent identity thieves from stealing their refunds. (Because the refunds come on ATM-ready debit cards, thieves like to file victims' returns ahead of time, with a different address.) "I mean, we still had lines," Gaddy says, "but not out the door and around the corner."

The IRS has never been an easy place to work. Its 84,000 employees, 65 percent of them women, generally don't tell people outside the service where they draw a paycheck. It's no way to make friends. They toil in purposely anonymous buildings—a big sign outside might attract crazies. In 2010 an antigovernment zealot flew a single-engine plane into a building in Austin, Texas, where 190 agency employees worked, killing one of them. "Well, Mr. Big Brother I.R.S. man, let's try something different, take my pound of flesh and sleep well," the pilot, Joseph Stack III, wrote in a six-page suicide note.

More recently, the IRS has become a casualty of the budget battles between the Obama White House and House Republicans. Since the GOP won control of the chamber in 2010, the agency's annual budget has fallen by \$1.2 billion, to \$10.9 billion in 2015. Meanwhile, the agency has lost 11 percent of its employees. Last year it started 19 percent fewer criminal investigations than 2013. This year alone, it expects to close at least 46,000 fewer audits. Nobody likes being scrutinized by the IRS, but audits are a key component of the tax system that keeps the U.S. afloat. "It's core to the country," says Jeffery Trinca, a former Senate aide turned lobbyist who specializes in tax policy.

"I buy my own pens. I buy my own clips and hole punchers and things of that nature. It's not uncommon"

The agency's customer service operation has been hobbled, too. In late March, the IRS said fewer than 40 percent of the people who call during this tax season will get through to someone. A decade ago, the figure was 83 percent. The agency is so short on funds that some employees purchase their own office supplies, even though the IRS says they shouldn't. "I buy my own pens," says Catherine Ficco, a revenue officer in West Nyack, N.Y. "I buy my own clips and hole punchers and things of that nature. It's not uncommon. There's no money to order supplies or paper for my printer."

The IRS has long been disliked, but its employees aren't used to being vilified. In May 2013 the agency disclosed that it had given extra scrutiny to Tea Party groups that were seeking nonprofit status. To Democrats, the decision to group together Tea Party applications and other politically oriented groups was merely a misguided attempt to find a consistent rule after years of muddled policy. "There were some boneheaded decisions," President Obama told Fox News. To Republicans, the IRS's hard look at Tea Party groups proved the service has a political bias. Since then the IRS has been consumed with scandals large and small: an expensively produced internal video that featured top executives dressed as Star Trek characters; a lavish conference funded with enforcement money where officials slept in presidential suites, albeit discounted ones; and the rehiring of employees accused of misconduct, including some who hadn't filed their own taxes.

With a presidential election next year, Republicans seem determined to keep the scandals percolating. Texas Senator Ted Cruz may have set the tone in March, announcing his candidacy with a promise to abolish the IRS. He says its agents won't be needed after he throws out the current tax structure and replaces it with a simple flat tax, enabling Americans to fill out their returns on postcards. Cruz wants them reassigned to border patrol duty.

In May 2013, Obama ousted Steven Miller, the acting IRS commissioner, and shortly after named John Koskinen, a former corporate takeover expert, as his replacement. Koskinen has two challenges: restoring the public's confidence in the service and keeping employees from giving up hope. It may be too late for the latter. IRS veterans say it's fine for Republicans and Democrats to disagree about the level of taxation in America, but they can't do their jobs without functional computers and sufficient supplies. "I still get calls from people that worked for me who talk about the overload they are facing and what's happening to them," says Dorothy Taylor, a former IRS territory

manager who was based in Plantation, Fla., before retiring in December 2013. "I try to reassure them that there have always been ups and downs in the organization. I tell them to just keep their heads down and do their job, and hopefully the IRS will pull through like it has in the past. But my concern is, will it?"

People who've spent their careers at the IRS all say the same thing: The pay wasn't fantastic, but the health care and pension benefits were. And they went to the office each morning with a sense of purpose. Without their efforts, they knew, the federal government would stop working.

Whether they worked in Manhattan or Peoria, IRS veterans talk about something else that kept them at the service: the feeling of camaraderie. It was nice that they appreciated one another, because nobody else did. "You go to a party, and if you say you are from the IRS, half the people move into the other room," says Richard Schickel, a former senior collections officer in Tucson who retired in December 2013. "After a while, your wife and relatives get tired of listening to your stories. They say, 'How could you take those people's houses and their businesses?' The only place you get understanding is with other IRS people."

When Schickel was hired in 1981, the IRS was decentralized. The 33 districts throughout the country each had their own criminal investigation, collection, audit, and customer service departments. Every district was like an extended family. Employees knew one another. They played softball together. They went on social outings. "Most of them were just decent people," Schickel says of his former co-workers. He's still friends with many of them.

It became more challenging for IRS employees to enjoy each other's company in the late 1990s, also a dark period for the service. Congressional Republicans held hearings in which IRS employees were depicted as jackbooted thugs. Schickel, who's writing a book about the agency, concedes there was some truth to the characterization. But he takes issue with the government's response. In an effort to make the IRS more accountable, President Bill Clinton signed a sweeping reform bill that reconfigured the agency into four national divisions serving different types of taxpayers—individuals, small businesses, large corporations, and nonprofits. "Your boss might be in San Francisco, but you were in New Jersey," Schickel says. "How did that happen?"

It wasn't all bad. During the eight years of George W. Bush's presidency, the IRS had enough money to send employees with various specialties to training sessions where they'd sharpen their skills and trade war stories. "We were in Chicago one year," says Sharyn Phillips, an IRS estate tax lawyer in New York. "We were in Kansas City one year. The good thing about it was that you could share your experience. Every year, Congress is tinkering with the tax code. Estate taxes have changed dramatically." It helped make up for the lack of office pantries with free coffee. Workers might not have had the newest computers, but the service provided them with adequate tech support.

It looked as if the IRS would be funded at previous levels, if not higher, when Obama took office in 2009. In the first year of his presidency, the Democratic-controlled Congress approved a \$12 billion budget for the following year. It also gave the agency more work to do when the Affordable Care Act and another law increased filing requirements for Americans overseas. Then, in 2011, Republicans settled into the House, and the cutbacks started. According to the U.S. Government Accountability Office, the IRS reduced technology spending that year by \$165 million. Schickel says it became almost impossible to get people from tech support to help with a computer problem. This was when the agency was finally going through a difficult upgrade from Windows XP to Windows 7. "A lot of people in the office had laptops. Every time they loaded Windows 7, it completely crashed," he says. "They didn't have enough memory. It's like Congress is against you, the computer system is against you, and you are just fighting to get your job done."

Many IRS veterans have similar stories about the software switchover. "It's been really tough," says Jenny Brown, a tax examiner in an IRS facility in Ogden, Utah, and president of the local National Treasury Employees Union (NTEU) chapter there. "There were times when I actually called my sons and said, 'OK, how do I do this?' And they tried to walk me through, because there just aren't enough people here to do it."

In 2012 the IRS reduced its training and travel budget by \$54 million. That might not sound like much for an agency with a multibillion-dollar budget, but it punctured morale further. It became difficult, if not impossible, for employees to get together in one location. "The members of our team were scattered all around the country," says David Stanley, an IRS research program manager who worked in Oakland, Calif., until his retirement last year. "We weren't able to meet physically for about three years. You have all these people working in isolation."

The IRS all but stopped sending managers to conferences to speak to accountants and other tax professionals about what could trigger an audit. It wasn't just the cost of traveling. Ron Cerruti, a former territory manager in San Francisco, says the service was nervous that employees would say something controversial and embarrass it after the scandals of 2013. "I remember one time I was invited to attend a meeting at a hotel in San Francisco about four blocks from my office," says Cerruti, who also retired last year. "There would have been no travel costs. I couldn't get permission to go. They were afraid of what we were going to say in front of an audience of external people."

"We were on a gag order," says Taylor. "I mean, it was ridiculous. We couldn't talk outside of the organization."

IRS employees give Koskinen high marks for his efforts to rejuvenate morale. An unwaveringly upbeat 75-year-old with an oval face, high cheekbones, and large blue eyes, he never misses a chance to extol his workforce. Koskinen spent much of his early months as commissioner meeting with employees around the country and listening to their gripes. Managers told him they hadn't seen their team members in person for ages. Employees frequently brought up the gutted tech support operation. "I had people stand up and talk about how there used to be 12 people on the help desk in their area and now there were three," Koskinen says. "I told employees, 'Now you know what it's like to be a taxpayer trying to contact us.'"

Koskinen has tried to restore some of the IRS's funding, but it hasn't been easy. In December, Obama signed a 2015 federal spending law that lowered the IRS budget by 3 percent, to \$10.9 billion. The same month, Koskinen said the agency would halt most overtime payments and answer fewer than half of incoming telephone calls from taxpayers during this year's filing season. The IRS now tells customer service reps they can no longer spend time on the phone answering complicated tax questions. Instead, they urge people to go to the IRS website or hire an accountant.

Frank Spadea manages an IRS call center in Philadelphia, where employees sit in a cubicle farm and field questions from Americans in foreign countries. His group used to have 51 employees; it's down to 17. Of those, he expects at least two to retire this year, and they won't be replaced. "It's been seven or eight years since I've been able to hire," he says. Meanwhile, his staff has been overwhelmed with calls this year from Americans overseas who are confused about extra information they're supposed to furnish under the 2010 law combating tax cheating abroad. "They are calling like crazy about that," says Donna White, a customer service representative in the office. "You kind of get burnt out."

Koskinen has asked for more money in 2016, but it doesn't look good. In March he made his case before a House subcommittee that oversees the IRS's budget. "I thought it was a good discussion," he said afterward. "It wasn't contentious in the sense of, 'Have you stopped beating your wife lately?'" But Representative Ander Crenshaw, a Florida Republican and the subcommittee chairman, was unmoved. He says the IRS has enough money to carry out its mission. Asked about the lamentations of its employees, Crenshaw says, "We're not out to punish them. We're out to make them more efficient, and I want them to keep working on that."

Some Republican leaders seem more interested in exploiting the scandals. The investigations into the Tea Party affair continue after almost two years and more than \$20 million spent on them. Congressional investigators are pursuing missing e-mails sent by Lois Lerner, who oversaw the agency's nonprofit division before she was nudged out in 2013. (William Taylor, her attorney, declined to comment.) "The public's lost faith in the IRS," says Senator John Boozman, an Arkansas Republican and chairman of a subcommittee that has jurisdiction over the service. "It's really important to have faith in institutions. Now we're [Congress] at an 18 percent approval rate, so it's hard to pick on them." Perhaps, but that isn't stopping anybody on Capitol Hill.

IRS employees dread the political theater more than the budget cuts. "Every time one little thing is found, it's blown up to some big conspiracy," Dorothy Taylor says. "It's disheartening to the employees in the organization, and that's why a lot of people like myself have left. You get tired of being beaten down and having resources withheld. I was there when the tax-exempt [Tea Party] thing started. It had nothing to do with the examinations where I was, but it affected the whole organization."

David Carrone, a revenue agent in New Orleans and president of the NTEU chapter in Louisiana, is similarly disgusted with the never-ending cycle of hearings and castigations. "That's the No. 1 downer as far as morale is concerned," he says. "I shouldn't have to say this, but the IRS brings in approximately 93 percent of the revenue of this country. We're not soldiers here, but we are serving our country."

Schickel says the political attacks made his job more difficult and potentially more dangerous. Throughout his career, he dealt with antigovernment tax avoiders in Arizona, but once the Tea Party scandal broke, his encounters with otherwise law-abiding ranchers became more hostile. "I used to work Tombstone," he says. "They hate the IRS down there. It's a hard enough thing to drive out, bang on somebody's door, and make a legal demand on them for money. It's even harder when the person is wearing a gun on his hip and says, 'I saw on TV that you people are discriminating against the Tea Party.' That's when I decided, the hell with this!"

The fear in the IRS is that vilification of the service will hurt Americans' high voluntary compliance, which makes the country more financially stable than, say, Greece, where much of the population declines to pay taxes altogether. Beleaguered IRS workers worry that citizens will test the system to see what they can get away with. "Once you go in that direction, it's not an off/on switch," Koskinen says. "You can't turn it around the next day by saying, 'Whoops, I take it back. It's a really good agency, and they are doing good work.'"

Koskinen says he hasn't seen any evidence of compliance erosion, but he could be in the dark. In 2012 the IRS estimated that it collected 83 percent of the taxes it was owed from people who had paid on time and without prodding, but that number was extrapolated from 2006 data, before the funding crisis began. "Historically it's stayed at a good level," Koskinen says. "But we have 5,000 fewer revenue agents, revenue officers, and criminal investigators than we had five years ago. That has an impact." Which is why Ficco, in West Nyack, continues to do her job, even if she has to

purchase her own supplies. She doesn't want to see the U.S. go the way of Greece. "Absolutely," she says. "It is the ultimate goal, and it's sad that we have people out there trying to do the right thing, and we're putting up roadblocks in front of them."

Onorato Corina R

From: Lemons Terry L
Sent: Tuesday, March 31, 2015 8:07 PM
To: Koskinen John A; Dalrymple John M; Burns Stuart; Philcox Crystal; Ho Elaine P; Eldridge Michelle L; Oursler Leonard T; Rillotta Joseph A; Wilkins William J; Brandt Thomas A; Pryde Joan A; Allen Sarah
Subject: Re: Press Club Coverage

Not going to keep bombarding folks with email this evening, but passing along links to two more Press Club articles, both from The Hill. Played very straight; very nice pieces.

IRS chief to GOP: You can't abolish us | TheHill

<http://thehill.com/policy/finance/237510-irs-chief-to-gop-you-cant-get-rid-of-us>

IRS chief: Budget cuts hurting recruitment | TheHill

<http://thehill.com/policy/finance/237545-irs-chief-budget-cuts-hurting-recruitment>

From: Lemons Terry L
Sent: Tuesday, March 31, 2015 05:59 PM
To: Koskinen John A; Dalrymple John M; Burns Stuart; Philcox Crystal; Ho Elaine P; Eldridge Michelle L; Oursler Leonard T; Rillotta Joseph A (Joseph.A.Rillotta@IRSCOUNSEL.TREAS.GOV) <Joseph.A.Rillotta@IRSCOUNSEL.TREAS.GOV>; Wilkins William J (William.J.Wilkins@irsounsel.treas.gov) <William.J.Wilkins@irsounsel.treas.gov>; Brandt Thomas A
Subject: Press Club Coverage

Current round up of stories. Early coverage pretty straight; reporters taking several different directions in later versions following the Q+A session (EO, Cruz, personal email, etc.) Stories below from AP, Bloomberg (two), Politico, Washington Times and Wall St. Journal blog.

IRS chief: Processing backlog of tax-exempt groups is gone
Tuesday, March 31, 2015
By: Associated Press

WASHINGTON — The IRS has eliminated a huge processing backlog of groups seeking tax-exempt status, the agency's chief said Tuesday. Tea party organizations' claims that they were singled out for tough treatment when they applied for that designation were at the heart of a 2013 controversy over the agency.

In remarks prepared for delivery at the National Press Club, IRS Commissioner John Koskinen said there once was a backlog exceeding 60,000 applications for tax-exempt status. He said that because of new, faster processes including a shorter application form, "The result is that our inventory of applications is now current."

A conservative legal center leading a federal lawsuit against the IRS challenged that, saying one group it represents is still awaiting an IRS ruling after five years.

"The IRS commissioner continues to mislead the public regarding this unlawful targeting scheme," said Jay Sekulow, chief counsel of the American Center for Law and Justice.

The IRS came under fire in 2013 when one of its officials publicly apologized for inappropriately targeting conservative groups seeking tax-exempt status. By law, groups seeking that designation cannot engage in politics as their primary activity, and the IRS is the agency that decides whether applicants meet that requirement.

Several top IRS officials left the agency in reaction to the controversy that erupted. Congressional investigations are continuing but they have not linked the IRS' handling of the groups' applications to the White House.

The agency has also encountered criticism over questionable spending on lavish conferences for its employees and videos it produced, including one that parodied the TV show "Star Trek." Koskinen, who became commissioner in December 2013, said he has curbed such expenditures, with conference spending down 80 percent since 2010.

He said the IRS has stopped paying performance bonuses to agency employees who owe delinquent taxes. A Treasury Department report last year said the agency paid bonuses to 1,100 workers who owed back taxes.

Koskinen said that because of budget cuts, his agency is about to lose many of its most experienced workers and executives. He said that over half its 87,000 workers are over age 50, with more than 25 percent of employees eligible to retire next year, with those percentages even higher for managers.

The agency's workforce is down 30,000 workers since 1992, he said.###

IRS Chief Says Tax Agency's High-Profile Mistakes Are Behind It

Mar 31, 2015 1:07 PM EDT

Richard Rubin

(Bloomberg) -- The IRS has fixed its errors, such as improper extra scrutiny of Tea Party groups, and they won't happen again, the tax agency's commissioner said Tuesday.

"The changes are so significant throughout the agency that you could hang a sign on our headquarters saying 'Under New Management,'" Internal Revenue Service Commissioner John Koskinen said in prepared remarks for a speech at the National Press Club in Washington.

The IRS has imposed limits to prevent problems such as overspending on conferences and videos, and inappropriate scrutiny of politically oriented nonprofit groups, he said.

"While these problems are important, and deserved our attention and the remedies we have applied, they are from a prior era," he said, according to the prepared text. "We have addressed them so they will not happen again. That really does make it a new day at the IRS. It's not the IRS of 2010, 2011 or even 2012."

To bolster his point, Koskinen said that 46 percent of the agency's executives -- including two-thirds of the senior leadership team -- have left since October 2011. While the IRS is a large agency and will always have some problems, the key is to find and address them quickly, he said.

Congress has been investigating the IRS and restricting its budget since May 2013, when the agency revealed that it had given extra scrutiny to the applications of Tea Party groups seeking tax-exempt status. Other issues -- including lavish conferences, an embarrassing Star Trek-themed video and bonuses paid to tax-delinquent employees -- emerged after that.

Bigger Workload

Koskinen, 75, became commissioner in December 2013. He is trying to persuade Congress to increase the agency's budget after a 3 percent cut this year. At the same time the agency's workload has expanded, partly because of its responsibility to implement parts of Obamacare.

With the budget cuts, the commissioner has warned of declining service to taxpayers and said the government won't be able to collect as much money through tax enforcement.

"Further cuts, with the increasing responsibilities we face, threaten to destroy the ability of the IRS to discharge its fundamental responsibilities," he said.

Republican lawmakers have told Koskinen that he won't get what he's requesting. They say they haven't seen the kind of cultural shift at the IRS that Koskinen has claimed credit for.

Republican Representative Peter Roskam of Illinois told reporters earlier this month that institutions like the IRS don't change without outside pressure.

"We're going to try to influence this for the good," said Roskam, chairman of a House oversight subcommittee. "Where we are on the diagnostic? How loud is the clap meter right now? Pretty quiet, I'd say. I think we've got a long way to go in terms of confidence-building."

IRS Chief Chides Ted Cruz's 'Abolish the IRS' Mantra
Mar 31, 2015 3:17 PM EDT
by Richard Rubin
Bloomberg

"Abolish the IRS" is a staple of Ted Cruz's stump speech.

IRS Commissioner John Koskinen, who runs the 87,000 employee tax agency, had a candid response to that sentiment Tuesday.

"Politics are politics," he said after a speech at the National Press Club in Washington. "It is interesting to me. When you say you're going to abolish the IRS and everybody will fill out a small card, somebody has to collect the money."

Even if Congress chucked the tangle of credits and deductions in the U.S. tax code, there would still be a need to make sure people don't underreport their income.

Don't get Koskinen wrong. He's all for tax simplification. But abolishing the IRS? Not so much.

He did offer the Cruz crowd an olive branch with a side of snark.

"You could call them something other than the IRS if that made you feel better," he said.

That may not be what Cruz has in mind, however. During his speech at Liberty University announcing his entry into the presidential race, Cruz said he envisioned something more substantial than a simple name change.

"Instead of a tax code that crushes innovation, that imposes burdens on families struggling to make ends meet, imagine a simple flat tax that lets every American fill out his or her taxes on a post card. Imagine abolishing the IRS," Cruz said. ###

IRS chief: Ted Cruz tax plan not viable

By Hillary Flynn
Politico

3/31/15 4:18 PM EDT

IRS Commissioner John Koskinen poked holes in Republican presidential candidate Ted Cruz's plan to abolish the IRS and create a simple flat tax so taxpayers could file their taxes on a postcard. Koskinen pointed out that even if taxpayers were to file their taxes on "a small card," someone would have to collect the money and make sure the numbers filled out are actually correct.

Story Continued Below

"You can call [tax collectors] something else than the IRS if that makes you feel better, but basically someone has to follow through on all of that," Koskinen told reporters today after a speech at the National Press Club.

There is also the question about what to do with all the tax credits now administered by the IRS, like the Earned Income Tax Credit, Child Tax Credit, education tax credits and others.

"If you want to have everybody do [tax filing] with just a postcard, then you have to decide you want to get rid of all those," Koskinen said. "I have to say, it's not my policy choice."

Koskinen was appointed by President Barack Obama to turn around the IRS after it took a black eye for giving extra scrutiny to conservative tea party groups seeking tax-exempt status. ###

IRS ignoring 60 percent of taxpayers' calls as deadline looms

The Washington Times

By Stephen Dinan

Tuesday, March 31, 2015

IRS Commissioner John Koskinen said Tuesday that service at his agency has gotten so bad that they are ignoring more than 60 percent of taxpayers' phone calls during this tax season.

Speaking at the National Press Club, Mr. Koskinen pleaded with more money, saying a budget boost would help them staff their overwhelmed customer service lines. He also said it would help reverse staffing cuts in their compliance division, where he said the government will lose \$2 billion this year in money it would otherwise have been able to collect if it had better staffing.

Congress has cut or held the agency's funding static for several years now, with lawmakers deeming the agency recalcitrant in solving problems, and unrepentant for having targeted tea party groups for intrusive scrutiny.###

IRS Keeping Close Eye on Email Security, Chief Says

Wall St. Journal.com

By John McKinnon

The Internal Revenue Service commissioner emailed a document home early on in his tenure, and within a couple of days got "a visitor from IT security," he said at a press luncheon on Tuesday.

The document was testimony that he was still editing, Commissioner John Koskinen said. The agency – which has strict rules against using personal computer systems for business purposes – quickly installed an official computer in his home for such tasks.

Mr. Koskinen "certainly never discussed IRS business" over his personal account, he added at a National Press Club luncheon. "We're keeping a close watch" on the agency's 87,000 employees, he added.

The issue is getting attention lately because of questions about former Secretary of State Hillary Clinton's use of a personal email account.

It has surfaced at the IRS previously as well. In April of 2014, the House Ways and Means Committee referred several matters to the Justice Department for investigation, including an allegation that now-retired IRS executive Lois Lerner used her personal email to conduct official business. That risked exposing confidential taxpayer information, committee Republicans said. The Justice Department hasn't taken any public action on the referrals concerning Ms. Lerner, who has been a central focus of congressional investigations into alleged IRS targeting of conservative groups.

Mr. Koskinen is a turnaround specialist with extensive management experience in both government and the private sector. He took over the IRS in late 2013.

In his remarks on Tuesday, Mr. Koskinen warned that recent congressional budget cuts "threaten to destroy the ability of the IRS to discharge its fundamental responsibilities." IRS funding for fiscal year 2015 is about \$10.9 billion, down about \$1.2 billion since 2010, the IRS says. The IRS has taken on major new responsibilities with the implementation of President Barack Obama's health-care overhaul and other new legislation, and faces a major new workload from stolen-identity refund fraud and related schemes. The IRS also wants to move faster on efforts to set up online taxpayer accounts.

Despite the budget concerns, Mr. Koskinen said the current tax-filing season is going "swimmingly," contradicting critics – mostly on the right – who say that President Obama's health-care overhaul is causing widespread headaches and confusion for taxpayers.

A Ways and Means aide said Tuesday that "the millions of Americans being forced to repay subsidies or seeing their tax refund disappear because of Obamacare may have a different perspective" than Mr. Koskinen.

Ways and Means Chairman Paul Ryan last week criticized the ongoing process of delivering health-care subsidies through the tax system. "It's ugly, and it's just not the way to do health care," Mr. Ryan said.

Mr. Koskinen said the IRS worked hard over the last couple of years to ensure that tax software providers set up their systems correctly. "We still get calls, but there's no gaps that we've found" in software, he said. "It's gone smoothly and everyone seems comfortable" in preparing returns.

###

Philcox Crystal

From: Koskinen John A
Sent: Tuesday, March 31, 2015 6:13 PM
To: Lemons Terry L; Philcox Crystal; Ho Elaine P; Eldridge Michelle L; Oursler Leonard T
Subject: RE: the rest of the story...

The thanks go to all of you and the speech writing team for their help. But it did have a good feel to it. (I did think I was very politic in my answer about the Cruz suggestion, but he didn't like me anyway. ☺)

From: Lemons Terry L
Sent: Tuesday, March 31, 2015 6:05 PM
To: Koskinen John A; Philcox Crystal; Ho Elaine P; Eldridge Michelle L; Oursler Leonard T
Subject: the rest of the story...

The initial Bloomberg story had this headline: **IRS Chief Mocks Ted Cruz's 'Abolish the IRS' Mantra.**

I didn't think the headline was fair; Michelle's guys reached out to Bloomberg to push back, and Bloomberg agreed to change the headline to "IRS Chief Chides..." Think that's a definite improvement, but not great. Had less of an issue with the underlying text of the article. And the Politico piece played it a little straighter.

Heard a number of compliments from press and stakeholders at the event at the speech about how you handled things. Many thanks!

Onorato Corina R

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Philcox Crystal

From: Philcox Crystal
Sent: Monday, August 04, 2014 11:30 AM
To: Maruca Samuel M
Subject: FW: POLITICO's Morning Tax: Could Obama use the pen to tackle inversions? — Maruca heads to the private sector — WaPo: Congress should hike tobacco taxes

Nice piece on you. So sorry to be losing you, but it sounds like congratulations are in order.

*Crystal Philcox
Deputy Chief of Staff
Internal Revenue Service
(v) 202-317-4072
(m) 202-320-2788*

From: Morning Tax [mailto:morningtax@politico.com]
Sent: Monday, August 04, 2014 10:05 AM
To: Philcox Crystal
Subject: POLITICO's Morning Tax: Could Obama use the pen to tackle inversions? — Maruca heads to the private sector — WaPo: Congress should hike tobacco taxes

By Mackenzie Weinger

With an assist from Kim Dixon

COULD OBAMA USE THE PEN TO TACKLE INVERSIONS? Former adviser Steven Shay made a splash last week with the suggestion, but most experts - including former tax officials - say the idea won't work. That's largely because the IRS is hamstrung by current law, and the agency's track record in challenging certain aspects of the deals isn't good. University of Michigan law professor Jim Hines, an authority on the topic, said: "It is aggressive - they can't possibly do it. It is a terrible idea and my guess is the Supreme Court would strike it." Read our Kim Dixon's take here: <http://politico.pro/1pT3r5h>

MARUCA HEADS TO THE PRIVATE SECTOR. POLITICO's Byron Tau has the news that ex- IRS LB&I transfer pricing director Sam Maruca is heading back to the law firm Covington & Burling as a partner. Maruca, one of a number of high profile departures in recent months from the IRS Large Business and International Division, tells Tau that he "always wanted to do a stint in public service. I thought I could bring a different perspective and maybe improve a few things. ... But I never anticipated doing it for more than three or four years."

"Maruca has been with the agency since May 2011 - where he helped launch a new effort aimed at cracking down on tax avoidance by multinational corporations using so-called transfer pricing techniques," Tau reports. "He expects to return to his tax work at Covington - focusing mostly large-case corporate tax disputes. Maruca also said that if tax reform takes off in earnest on Capitol Hill, he would be positioned to play the role of adviser to some of Covington's clients."

And Covington welcomed him back to the firm in a statement. "Sam is a top-flight international tax lawyer, whose exceptional experience in transfer pricing and transfer pricing controversies will again enhance our existing practice," said Dan Luchsinger and Reeves Westbrook, co-chairs of the firm's tax practice. <http://politico.pro/1v0E5uq>

IT'S MONDAY! And welcome back to Morning Tax. If you want to talk taxes, you can find me at mweinger@politico.com or on Twitter at [@mweinger](https://twitter.com/mweinger). As always, please follow [@POLITICOPro](https://twitter.com/POLITICOPro) and [@Morning Tax](https://twitter.com/MorningTax).

HOUSE & SENATE: Out.

OBAMA: MY POLICIES HAVE BEEN BUSINESS-FRIENDLY. Pres. Barack Obama sat down with The Economist last week, and the news magazine posted the full transcript online over the weekend. There's a lot of talk about his economic policies: "I would take the complaints of the corporate community with a grain of salt," Obama told The Economist. "If you look at what our policies have been, they have generally been friendly towards business, while at the same time recognising there are certain core interests - fiscal interests, environmental interests, interests in maintaining stability of the financial system - where, yes, we're placing constraints on them. It probably cuts into certain profit centres in their businesses."

"I understand why they would be frustrated by it, but the flip side of it is that they'd be even more unhappy if the global financial system unravels. Nobody has more of a stake in it than them. Last point I'll make on this: If you look at what's happened over the last four or five years, the folks who don't have a right to complain are the folks at the top." Read the whole interview: <http://econ.st/1oiZh5r>

ILLINOIS GOV. CANDIDATE CHanneled MONEY INTO TAX HAVEN. The Chicago Sun-Times reports that Republican gubernatorial candidate Bruce Rauner has "channeled at least part of his fortune into the Cayman Islands, a Caribbean paradise long criticized as a tax haven for American investors. ... A Rauner spokesman insisted that the former private equity investor has met his legal tax obligations and properly disclosed to the federal government information regarding at least five investments by him or his firm in a country that has no income tax and a financial system cloaked in secrecy." <http://bit.ly/USDIkM>

Wapo: CONGRESS SHOULD HIKE TOBACCO TAXES. The Washington Post editorial board is out with a piece calling for Congress to raise all federal tobacco taxes to try to stop tax avoidance. The piece comes in the wake of the Senate Finance committee's hearing last week on tax evasion and avoidance from tobacco products. A GAO report found that loopholes have allowed manufacturers and retailers to change product labeling to take advantage of tax differences between small and large cigars or roll-your-own and pipe tobacco. It's time to close the loopholes, the Post's editorial board argues. "The foolproof solution is for Congress to pass a law equalizing all tobacco taxes. That would raise taxes for pipe tobacco and large cigars to the same level as cigarette taxes, preventing any market shift. A bill introduced by Sen. Richard Durbin (D-Ill.) in 2013, still stuck in committee, would accomplish this task."

"Better yet, Congress should hike all tobacco taxes - not just the lower ones - up to higher and equal levels. State taxes vary widely, from \$4.35 per cigarette pack in New York to \$0.17 per pack in Missouri, making smuggling a big problem for law enforcement. The current cigarette and small cigar federal tax is a meager \$1.01 per pack of 20; a higher federal tax would diminish the effect of inconsistency between states and allow for a more uniform response." Read on: <http://wapo.st/1siJN6z>

INVERSION WATCH: ACTIVIST INVESTORS PUSH FOR DEALS. The Wall Street Journal has the story: "Adding the latest in-vogue deal maneuver to their playbook, activist investors are pressing for overseas mergers that can slice tax bills. In the latest example, Marcato Capital Management LP hired an investment bank to try to drum up interest from U.S. hotel companies that could possibly cut down on their tax bills by buying U.K.-based InterContinental Hotels Group, according to people familiar with the matter."

"The \$3 billion activist hedge fund says it owns about a 4% stake in InterContinental and has already publicly called on the owner of the InterContinental and Holiday Inn chains to explore a deal. Now, the people said,

Marcato is trying to ramp up the pressure by hiring the bank, Houlihan Lokey, and focusing on the possibility of a tax-beneficial merger." <http://on.wsj.com/1tLSlG3>

SHARPTON OWES MILLIONS IN BACK TAXES. The New York Post reports, "He schmoozes with the mayor and dictates policy to the police commissioner, but the Rev. Al Sharpton and the tax man still don't see eye to eye. The deadbeat preacher, along with his nonprofit National Action Network and two for-profit firms, have racked up a total of \$4.7 million in outstanding debt and liens, according to federal and state tax records." <http://bit.ly/UUEttJ>

ON THE CALENDAR. Today at 11:45 a.m., POLITICO's Mike Allen will host a Playbook lunch conversation with contributor and strategic adviser for Bloomberg & former White House senior adviser David Plouffe at the Capital Hilton. ... Tomorrow, the 2014 primary elections for Kansas, Michigan, Missouri and Washington will be held. ... At 9 a.m., the Commerce Department's Bureau of Industry and Security holds a meeting of the Materials Processing Equipment Technical Advisory Committee. ... At 11:30 a.m., the Treasury Department's Departmental Offices holds a closed meeting of the Debt Management Advisory Committee. ... On Thursday, Tennessee's primary election will be held. ... And at 2 p.m. on Thursday, the Treasury Department's Departmental Offices holds a meeting of the Federal Advisory Committee on Insurance.

QUICK LINKS:

-POLITICOPro Trade: "Taxes, frustration mount as GSP lapse hits one year." <http://politico.pro/1AMYm77>

-The Los Angeles Times' Michael Hiltzik: "Close loopholes that let U.S. firms avoid taxes by using inversions." <http://lat.ms/UV79mn>

-Americans For Fair Taxation's Steven Hayes in the Washington Examiner: "No, the IRS cannot be fixed -- it must be abolished and replaced with the Fair Tax." <http://washex.am/1lqzgBm>

-The Daily Telegraph (UK): "The world has changed and so should our tax system." <http://bit.ly/1tL1ApN>

-The New York Times: "Banco Espírito Santo to Be Split Up in Rescue by Portugal." <http://nyti.ms/1ANW086>

-The Washington Post editorial board: "To address the issue of 'inversion,' tax shareholders." <http://wapo.st/1skBA2G>

-The Wall Street Journal's David Reilly: 'Inverted View of U.S. Corporate-Tax Bite.'" <http://on.wsj.com/1pywrlI>

-Robert Wood in Forbes: "Lionel Messi Tax Evasion Case (Secrecy = Willfulness) Impacts U.S. & U.K. Taxpayers Too." <http://onforb.es/1o4nYby>

-Reuters: "Putin's new sales tax shows pain of Russia's policy dilemmas." <http://reut.rs/1kbvJvg>

DID YOU KNOW? The collarbone (clavicle) is the most common broken bone in the human body.

Tips, comments, suggestions? Send them along via email to our team: Rachael Bade (rbade@politico.com), Kim Dixon (kdixon@politico.com), Brian Faler (bfaler@politico.com), Kelsey Snell (ksnell@politico.com) and Mackenzie Weinger (mweinger@politico.com).

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Philcox Crystal

From: Duval Catherine <Catherine.Duval@irsounsel.treas.gov>
Sent: Tuesday, May 06, 2014 7:24 PM
To: Koskinen John A
Cc: Vandivier David P; Philcox Crystal
Subject: HOGF Democratic staff report attached
Attachments: SecureZIP Attachments.zip

Today the minority staff from the House Committee on Oversight and Government Reform released the attached report, titled, *No Evidence of White House Involvement or Political Motivation in IRS Screening of Tax-Exempt Applicants*. The report includes a short executive summary of its findings at the front and then many pages of excerpts from the Committee's interviews.



NO EVIDENCE OF WHITE HOUSE INVOLVEMENT OR POLITICAL MOTIVATION IN IRS SCREENING OF TAX-EXEMPT APPLICANTS

**DEMOCRATIC STAFF REPORT
PREPARED FOR RANKING MEMBER ELIJAH E. CUMMINGS
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES
113TH CONGRESS**

MAY 6, 2014

<http://democrats.oversight.house.gov/>

Executive Summary

On May 14, 2013, the Treasury Inspector General for Tax Administration reported that employees in the Cincinnati office of the Internal Revenue Service (IRS) used “inappropriate” criteria to screen applicants for tax-exempt status.

The Inspector General also reported that Lois Lerner, the former IRS official who oversaw the Exempt Organizations division of the IRS in Washington D.C., did not discover the use of these inappropriate criteria for more than a year, at which point she “immediately” ordered employees to stop using them.

Republican politicians and commentators quickly launched a sustained and coordinated campaign to accuse the White House and the Obama Administration of using the IRS to target conservative groups for political reasons, despite the fact that the Inspector General never made such an allegation and identified no evidence to support it.

On the day the Inspector General’s report was issued, Chairman Darrell Issa claimed on national television: “This was the targeting of the president’s political enemies effectively and lies about it during the election year, so that it wasn’t discovered until afterwards.”

After making this accusation, Chairman Issa directed Committee staff to spend the next year interviewing dozens of current and former employees of the IRS and the Department of the Treasury in order to identify evidence to support his claim.

The Committee has now conducted detailed, lengthy transcribed interviews of 39 witnesses, including Republicans, Democrats, Independents, and individuals with no political affiliation. These witnesses included employees from the Cincinnati and Washington D.C. offices at every level—from Screening Agents to the former IRS Commissioner to the Chief of Staff to the Treasury Secretary. The often day-long interviews consisted of prolonged questioning by multiple Committee attorneys that explored every possible allegation covered by the investigation.

Chairman Issa promised in June 2013 that “these transcripts will all be made public,” but he has repeatedly rejected requests to do so from Ranking Member Elijah E. Cummings. Although Chairman Issa has claimed that releasing the transcripts could provide future witnesses with a “roadmap” to the Committee’s questions, he has repeatedly leaked excerpts of the transcripts and allowed select reporters to review multiple transcripts in their entirety.

On April 10, 2014, Ranking Member Cummings made a motion during the Committee’s business meeting to release all 39 transcripts in their entirety, with any redactions the Chairman believes are necessary to protect the integrity of the investigation. Chairman Issa blocked this motion. Instead, he suggested that he would welcome Ranking Member Cummings “going through and finding selected information that you believe is appropriate to make any case you want to make.”

Therefore, at the request of Ranking Member Cummings, this report sets forth for Members of Congress and the public portions of all 39 interviews conducted by Committee staff. Based on these interviews, the report makes the following key findings regarding the tax-exempt application process:

No Evidence of White House Involvement:

The detailed and lengthy interviews conducted over the past year show definitively that none of the 39 witnesses interviewed by Committee staff identified any evidence whatsoever to support Republican accusations that the White House was involved in any way with the screening of tax-exempt applications.

No Evidence of Political Motivation:

In response to extensive questioning, none of the 39 witnesses reported any political motivation on their part, and none of the 39 witnesses reported ever observing any other individuals involved in the screening process acting on behalf of the White House or out of any political motivation.

Evidence Indicates Lack of Adequate Guidance and Need for Better Management:

When questioned by Committee attorneys about documents, emails, and other information, the witnesses explained repeatedly—and consistently—that IRS employees needed better guidance on how to process applications for tax-exempt status and were attempting to treat applications in a consistent manner.

Some examples of witness statements set forth in the report include the following:

- The Committee has now identified the specific Screening Agent in Cincinnati who first developed the search terms that were later identified by the Inspector General as “inappropriate.” He explained to the Committee that he has no political affiliation, he specifically rejected any “outside influence by the White House,” and he denied that “anyone at the IRS” that he worked with referred Tea Party cases for additional scrutiny “out of political bias.”
- The Screening Agent’s supervisor, a self-identified “conservative Republican” Screening Group Manager in Cincinnati, told the Committee that his subordinate flagged the first Tea Party case, and that he did not learn for about a year that his Screening Agent was using inappropriate criteria to screen similar cases. He explained: “I do not believe that the screening of these cases had anything to do other than consistency and identifying issues that needed to have further development.”
- A Tax Law Specialist in Washington D.C. who identified herself as a Republican was asked if there was any evidence of targeting the President’s political enemies. She responded: “No, not at all. That’s kind of laughable that people think that. No, not at all. This is purely cases that, unfortunately, Cincinnati didn’t have enough guidance on. That (c)(4) area is a very, very difficult area, and there’s not much guidance. And so the lingering length of time, unfortunately, was just trying to apply the law to the specific facts of each case.”

- A Technical Group Manager in Washington, D.C. who told the Committee that he votes in Republican primaries and who supervised one of the tax law specialists who was assigned Tea Party cases told the Committee that he had “seen or heard nothing that would suggest any political bias.” When asked whether any of his actions regarding these cases had been motivated by political bias, he responded: “Definitely not.”
- An attorney within the Office of Chief Counsel who was involved in reviewing one Tea Party-affiliated case told the Committee that she previously reviewed—and recommended denial for—a progressive organization’s application for tax-exempt status. She stated that she used the same level of scrutiny when reviewing conservative and progressive applicants, and that her review of the conservative organization took “much less time” than her review of the progressive organization.
- Another attorney in the Office of Chief Counsel who was involved in reviewing a Tea Party applicant told the Committee that he also previously reviewed an application from a “progressive entity.” He said he recommended denying the progressive group’s application, but requested additional information to make a recommendation about the Tea Party applicant. When asked whether any of his actions were motivated by his political views, he responded: “Not at all.”
- A Deputy Division Counsel who identified herself as a Republican told the Committee that she worked very closely with Ms. Lerner. She stated that she was not “aware of any political bias by Ms. Lerner against Tea Party Groups.” When asked if she had any reason to believe that attorneys under her supervision acted based on political motivation, she replied: “Not at all.”
- An Attorney Advisor in the Department of Treasury with no political affiliation who works closely with the IRS on regulations, guidance, and tax policy matters said that she never saw any evidence that any Treasury Department or White House official used the guidance process to adversely impact Tea Party groups. She told the Committee: “it’s important for the tax laws to be ones that are fair to all similarly-situated taxpayers, and I don’t know of any situations where that would not be the goal.” When asked whether she knew of a directive to target the President’s political enemies, she responded: “I’ve never seen any evidence of a directive to target anyone.”

These first-hand witness accounts are consistent with the findings of the Inspector General, who testified before the House Committee on Ways and Means on May 17, 2013. In response to a question from Ranking Member Sander Levin about whether he had found “any evidence of political motivation in the selection of the tax exempt applicants,” the Inspector General answered, “We did not, sir.”

These witness accounts are also consistent with a review of more than 5,000 IRS employee email conducted by the Deputy Inspector General for Investigations, who concluded:

There was no indication that pulling these selected applications was politically motivated. The e-mail traffic indicated there were unclear processing directions and the group wanted to make sure they had guidance on processing the applications so they pulled them.

Ranking Member Cummings continues to believe that the Committee should release the full transcripts of all 39 interviews to Members of Congress and the American people in order to provide the most complete account of the Committee's work.

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I. SUSTAINED AND SYSTEMATIC REPUBLICAN CAMPAIGN TO POLITICIZE IRS INVESTIGATION

Republican politicians and commentators have engaged in a sustained and coordinated campaign to accuse the White House and the Obama Administration of using the IRS to target conservative groups applying for tax-exempt status for political purposes, despite evidence that directly contradicts these accusations.

This campaign began when Committee Chairman Darrell Issa appeared on national television on May 14, 2013—before the Committee conducted even a single interview—and asserted: “This was the targeting of the president’s political enemies effectively and lies about it during the election year, so that it wasn’t discovered until afterwards.”¹

On the same day, Republican Senator Orrin Hatch said: “I’ve never seen anything quite like this, except in the past during the Nixon years.”²

Two days later, Republican Senator Marco Rubio stated:

The president doesn’t have clean hands in this because as I said yesterday on the floor of the Senate, this organization of his, this administration has created a culture of intimidation. It’s his campaign, it’s this White House, it’s basically an attempt to muscle anyone who is their political opponent and to use whatever power they have at their disposal to intimidate people who they don’t agree with.³

This effort continued on June 3, 2013, when House Appropriations Committee Chairman Hal Rogers stated:

Of course, the enemies list out of the White House that IRS was engaged in shutting down or trying to shut down the conservative political viewpoint across the country—an enemies list that rivals that of another president some time ago.⁴

¹ *Issa on IRS Scandal: “Deliberate” Ideological Attacks*, CBS This Morning (May 14, 2013) (online at www.cbsnews.com/video/watch/?id=50146771n).

² *Scandals Prompt Comparisons Between Nixon, Obama Administration*, Fox News (May 15, 2013) (online at www.foxnews.com/politics/2013/05/15/scandals-prompt-comparisons-between-nixon-obama-administrations/#ixzz2Z8DiOaPW).

³ *Excerpts of Interview on FOX News’ “America’s Newsroom,”* Official Website of Senator Marco Rubio (May 16, 2013) (online at www.rubio.senate.gov/public/index.cfm/2013/5/icymi-rubio-on-irs-scandal-resignation-appropriate-but-not-nearly-enough).

⁴ *Chairman Hal Rogers Talks IRS Targeting and Spending*, Fox News (June 3, 2013) (online at <http://youtu.be/AzXaJF09A1c>).

On the same day, Republican Senator Ted Cruz appeared on national television and stated:

We have seen in recent weeks that the IRS has not honored its trust with the American people, that the Obama Administration has demonstrated a willingness to use the machinery of government to target their political enemies. And that's wrong. It was wrong when Richard Nixon did it, and it's wrong when Barack Obama did it. And it is a manifestation of too much power in the federal government. When the federal government has that much power in our individual lives, it's an invitation to being abused. And I think we ought to abolish the IRS and instead move to a simple flat tax.⁵

This campaign also involved media personalities and former officials. For example, on June 4, 2013, conservative commentator Lou Dobbs made this statement:

They targeted—but that has too benign a ring to it, for me. “Selective targeting.” This was a political arm—the Internal Revenue Service became a political arm of the Obama administration. And it's that straightforward. And it looks to be from top to bottom, and from agency to White House.⁶

On June 16, 2013, former Vice President Dick Cheney joined this effort, appearing on national television and concluding:

It clearly was used for political purposes, to go after a particular category of organizations. ... I cannot conceive of a situation in which it didn't come from higher up.⁷

On June 18, 2013, Ranking Member Elijah E. Cummings released publicly the full transcript of the Committee's interview with an IRS Screening Group Manager in Cincinnati who provided a detailed, first-hand account of how conservative groups applying for tax-exempt status were first identified by the IRS.⁸

⁵ *Sen. Ted Cruz Leading the Charge on Abolishing the IRS*, Fox News (June 3, 2013) (online at <http://video.foxnews.com/v/2429567001001/sen-ted-cruz-leading-the-charge-on-abolishing-the-irs/>).

⁶ *Lou Dobbs Tonight*, Fox Business Network (June 4, 2013) (online at <http://mediamatters.org/video/2013/06/04/dobbs-uses-white-house-visits-to-claim-the-irs/194341>).

⁷ *Former Vice President Dick Cheney Talks NSA Surveillance Program*, Fox News Sunday (June 16, 2013) (online at www.foxnews.com/on-air/fox-news-sunday-chris-wallace/2013/06/16/former-vice-president-dick-cheney-talks-nsa-surveillance-program#p/v/2482865656001).

⁸ Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform, *First-Hand Account: Cummings Releases Full Transcript of “Conservative Republican” IRS Manager Explaining Genesis of Tea Party Screening* (June 18,

A self-identified “conservative Republican” and 21-year veteran of the IRS, the Manager denied that he or anyone on his team was directed by the White House to take these actions or that they were politically motivated. Instead, he explained that the first case at issue in this investigation was initially flagged by one of his own screeners in 2010. He explained that he initiated the first effort to gather similar cases in order to ensure their consistent treatment, and that he took this action on his own, without any direction from his superiors. He also confirmed that one of his screeners developed terms subsequently identified by the Inspector General as “inappropriate,” such as “Patriot” and “9/12 project,” but that he did not become aware that his screener was using these terms until more than a year later.⁹

Despite this evidence, the next day, several Republicans spoke at a rally of Tea Party protesters and repeated their unsubstantiated accusations. For example, Republican Senator Rand Paul stated: “I’m like most Americans, horrified that my government has gotten out of control and is persecuting people for their religious and their political beliefs and it needs to end now.”¹⁰

Similarly, Republican Senator Ted Cruz stated: “President Obama needs to tell the truth. When Richard Nixon tried to use the IRS to target his political enemies, it was wrong, and when the Obama administration does it, it’s still wrong.”¹¹

Republicans also began making these unsubstantiated accusations in political campaign advertisements. For example, Senate Minority Leader Mitch McConnell issued a video paid for by McConnell Senate Committee ‘14 that received “Three Pinocchios” from the Washington Post Fact Checker.¹² Along with graphics of an “IRS Enemies List” and video footage of former President Richard Nixon, Senator McConnell stated in the video:

Again and again, this Administration and its allies have used the resources of the government itself to intimidate or silence those who question or oppose it. I don’t know about you, but I think that the leader of the free world and his advisers have better things

2013) (online at <http://democrats.oversight.house.gov/press-releases/firsthand-account-cummings-releases-full-transcript-of-conservative-republican-irs-manager-explaining-genesis-of-tea-party-screening/>).

⁹ *Id.*

¹⁰ *Tea Party Rally Draws Thousands to Capitol Grounds*, ABC 7 News (June 19, 2013) (online at www.wjla.com/articles/2013/06/tea-party-rally-draws-thousands-to-capitol-grounds-90320.html).

¹¹ *Tea Party Sees “Barack O’Nixon” Behind IRS Targeting*, MSNBC’s Politics Nation Blog (June 19, 2013) (online at <http://tv.msnbc.com/2013/06/19/tea-party-sees-barack-onixon-behind-irs-targeting/>).

¹² *Mitch McConnell’s Campaign Ad Tying Obama to Nixon Over the IRS Scandal*, Washington Post Fact Checker (May 31, 2013) (online at www.washingtonpost.com/blogs/fact-checker/post/mitch-mcconnells-campaign-ad-tying-obama-to-nixon-over-the-irs-scandal/2013/05/30/bfe90034-c974-11e2-8da7-d274bc611a47_blog.html).

to do than dig through other peoples' tax returns. ... What they are trying to do is intimidate donors to outside groups that are critical of the Administration. They've got the IRS, the SEC, and other agencies going after contributors.¹³

Similarly, a campaign video issued by the Republican National Committee showed House Ways and Means Committee Chairman Dave Camp stating—while featuring a picture of the White House—“What the agency has yet to admit, and what we still need to find out, is just how widespread this activity was, who ordered it, and why it began in the first place.”¹⁴

¹³ *Id.*

¹⁴ *Americans Deserve Answers*, Republican National Committee (June 10, 2013) (online at www.youtube.com/watch?v=VDQuHaXYgE4).

II. NO EVIDENCE OF WHITE HOUSE INVOLVEMENT OR POLITICAL MOTIVATION

Despite an extremely aggressive investigation involving more than a half a million pages of documents and 39 interviews of IRS and Treasury employees, the overwhelming evidence before the Committee reveals no political motivation or White House involvement in the screening of tax-exempt applications. To the contrary, the evidence indicates that IRS employees sought guidance on how to process organizations applying for tax-exempt status in order to treat such applications consistently.

For example, on May 3, 2013, the Deputy Inspector General for Investigations briefed senior officials in the Inspector General's office on the results of his team's review of 5,500 emails of IRS employees. Explaining that the Inspector General tasked him with identifying any evidence that IRS officials directed staff to "target" Tea Party organizations, he found "no indication" that their actions were politically motivated. His full email stated:

As a result of our meeting with Russell a couple of weeks ago, we agreed to pull e-mails from identified staff members of the EO organization in Cincinnati to find out 1). If an e-mail existed that directed the staff to "target" Tea Party and other political organizations and 2). If there was a conspiracy or effort to hide e-mails about the alleged directive.

Audit provided us with a list of employees in question, key word search terms and a timeframe for the e-mails. We pulled the available IRS e-mails, which resulted in 5,500 responsive e-mails.

Review of these e-mails revealed that there was a lot of discussion between the employees on how to process the Tea Party and other political organization applications. There was a Be On the Lookout (BOLO) list specifically naming these groups; however, the e-mails indicated the organizations needed to be pulled because the IRS employees were not sure how to process them, not because they wanted to stall or hinder the application. There was no indication that pulling these selected applications was politically motivated. The e-mail traffic indicated there were unclear processing directions and the group wanted to make sure they had guidance on processing the applications so they pulled them. This is a very important nuance.¹⁵

Committee staff have now conducted 39 transcribed interviews of IRS and Treasury employees in Cincinnati and Washington D.C.—including Republicans, Democrats, and employees with no political affiliation—and none of these employees reported any political motivation or White House involvement in the application review process.

¹⁵ Email from Deputy Inspector General for Investigations to Assistant Inspector General for Audit, *et al.* (May 3, 2013).

1. Screening Agent, Determinations Unit, Internal Revenue Service—
Cincinnati

An IRS Screening Agent with no political affiliation who worked in Cincinnati told the Committee that he developed the search terms in 2010 that were subsequently identified by the Inspector General as “inappropriate.” He explained to Committee staff that he had no knowledge of White House involvement or any political bias in the way he and other IRS employees screened Tea Party applications:

Q: Are you aware, based on your personal knowledge, of whether there was any outside influence on the Determinations Unit regarding how it handled Tea Party cases?

A: No.

Employee Counsel: When you say “outside influence,” what are you referring to?

Q: Any outside influence by the White House?

A: No.¹⁶

Q: Do you have any reason to believe that there were any political motivations behind sending Tea Party cases to the Emerging Issues Unit?

A: No.¹⁷

Q: Did you ever send Tea Party cases to the Emerging Issues Unit out of any political bias?

A: No.

Q: Do you know of anyone at the IRS that you worked with who sent an Emerging Issue—sent a Tea Party case to the Emerging Issues Unit out of political bias?

A: No.¹⁸

Q: I was wondering if, in your opinion, the IRS is a place where you have observed an atmosphere where campaign politics is discussed on a regular basis?

A: No.

Q: Would you characterize the IRS Cincinnati office, since that’s where you were, as political, or apolitical, generally?

¹⁶ House Committee on Oversight and Government Reform, Interview of Screening Agent, Determinations Unit, Internal Revenue Service, at 150 (May 30, 2013).

¹⁷ *Id.* at 85-86.

¹⁸ *Id.* at 86.

A: Apolitical.

Q: Are you aware whether anyone in Cincinnati was following the role of Congress in any views it expressed on how applications for tax-exempt status were processed?

A: No.¹⁹

2. Screening Group Manager, Determinations Unit, Internal Revenue Service—Cincinnati

The Manager of the Screening Group in the Cincinnati Determinations Unit who agreed to elevate the first Tea Party case described himself as a “conservative Republican.” He told Committee staff that political considerations never impacted his work:

Q: If you turn to page 2 and go to the bottom third of the page, the second part of the paragraph beginning, “During a May 14 appearance,” there’s a quote that says, “This was the targeting of the President’s political enemies effectively and lies about it during the election year, so that it wasn’t discovered until afterwards, Issa claimed.” Do you see where I’m reading from?

A: Yes.²⁰

Q: In your opinion, was the decision to screen and centralize the review of Tea Party cases the targeting of the President’s political enemies?

A: I do not believe that the screening of these cases had anything to do other than consistency and identifying issues that needed to have further development.²¹

Q: Do you have any reason to believe that anyone in the White House was involved in the decision to screen Tea Party cases?

A: I have no reason to believe that.

Q: Do you have any reason to believe that anyone in the White House was involved in the decision to centralize the review of Tea Party cases?

A: I have no reason to believe that.²²

¹⁹ *Id.* at 149.

²⁰ House Committee on Oversight and Government Reform, Interview of Screening Group Manager, Determinations Unit, Internal Revenue Service, at 139 (June 6, 2013).

²¹ *Id.* at 140.

²² *Id.* at 141.

- Q: Are you aware of any political bias by employees in the Cincinnati office against conservative views?
- A: I'm not aware of that.
- Q: Are you aware of any political motivations behind the screening, centralizing, and development of Tea Party cases?
- A: I'm not aware of that.
- Q: Are you aware of any political motivations to benefit one political party in the Cincinnati office?
- A: I am not aware of that.²³

3. Determinations Specialist I, Determinations Unit, Internal Revenue Service—Cincinnati

The first Determinations Specialist in Cincinnati assigned to coordinate and review political advocacy cases from April 2010 through October 2010 explained that she had no political party affiliation and was not aware of any political bias in the Cincinnati office:

- Q: Now, are you aware of any political bias by employees in the Cincinnati office against Tea Party organizations?
- A: No, I am not.
- Q: Are you aware of any political motivations behind the development and screening and grouping of Tea Party cases?
- A: No, I'm not.²⁴

4. Determinations Specialist II, Determinations Unit, Internal Revenue Service—Cincinnati

The second Determinations Specialist in Cincinnati assigned to coordinate and review political advocacy cases from October 2010 through December 2011, but who held cases in his inventory without conducting any development work, is a self-identified Republican. He told Committee staff that he was not aware of any political motivation or White House involvement in the treatment of Tea Party cases:

- Q: Do you have any reason to believe that the White House directed the screening and centralization of Tea Party cases for enhanced scrutiny?
- A: No.²⁵

²³ *Id.* at 135-36.

²⁴ House Oversight and Government Reform, Interview of Determinations Specialist I, Determinations Unit, Internal Revenue Service, at 155 (May 31, 2013).

²⁵ House Committee on Oversight and Government Reform, Interview of Determinations Specialist II, Determinations Unit, Internal Revenue Service, at 78 (June 13, 2013).

Q: Did you ever have contact with anyone in the White House about this?
A: No.
Q: Did you ever see an email, memo or written communication in any form from someone in the White House about the screening and centralization of Tea Party cases?
A: No.
Q: Did anyone ever tell you that they had contact with anyone from the White House about this?
A: No.²⁶

Q: Did you have any political motivations behind consolidating Tea Party applications for review under one group?
A: No.²⁷

Q: Were you aware of anyone else having political motivations for directing Tea Party cases specifically to you for review?
A: No.
Q: Did you or anyone else that you know of have a desire to treat these applications, Tea Party applications, with greater scrutiny out of political bias?
A: I didn't. No.
Q: Did you know anyone else that had a desire to treat Tea Party applications with greater scrutiny out of political bias?
A: No.
Q: Are you aware of political bias by employees in the Cincinnati office against conservative views?
A: Am I aware? No.
Q: Would you characterize the Cincinnati office as a political place?
A: No.²⁸

5. Determinations Specialist III, Determinations Unit, Internal Revenue Service—Cincinnati

The third Determinations Specialist in Cincinnati assigned to coordinate and review political advocacy cases from December 2011 through October 2012 explained that he has no political affiliation, no bias against the views of the Tea Party movement, and no knowledge of political motivation or White House involvement:

²⁶ *Id.* at 79.

²⁷ *Id.* at 73.

²⁸ *Id.* at 73-74.

Q: Were you ever instructed to subject these cases that were under the Advocacy Team to a greater degree of scrutiny than you ordinarily would to other tax-exempt applications?

A: I don't think so.

Q: So based on your experience as the team leader for the Advocacy Team, did you see any evidence that the decisions being made about these cases were based on an attempt to target the President's political enemies?

Employee Counsel: Did he see any evidence that the people he was working with on the Advocacy Team were motivated by trying to harm the President's political enemies, is that what you're asking?

Q: Yes.

A: No.²⁹

Q: Did you ever communicate directly with former Commissioner Shulman regarding the handling of—

A: No.

Q: —these cases? Did you ever communicate directly with anyone from the Treasury Department outside of the IRS?

A: No.

Q: Did you ever communicate with anyone from the White House regarding—

A: No.³⁰

Q: I just want to clarify whether you had any personal political bias in your handling of cases that were part of the Advocacy Team?

A: No, absolutely not.³¹

Q: Did any of your team members tell you that their political bias impacted the way they developed cases on the Advocacy Team?

A: I don't think so, no.

Q: Do you have any other information that might lead you to believe political bias impacted how the members of the Advocacy Team reviewed the cases?

²⁹ House Committee on Oversight and Government Reform, Interview of Determinations Specialist III, Exempt Organizations Determinations Unit, Internal Revenue Service, at 130 (June 19, 2013).

³⁰ *Id.* at 133.

³¹ *Id.* at 126.

A: I do not have any information.³²

6. **Group Manager I, Determinations Unit, Internal Revenue Service—
Cincinnati**

The Group Manager in Cincinnati who was first assigned political advocacy cases and helped develop the spreadsheet that listed Tea Party cases as an emerging issue that would become known as the “BOLO” stated that he has no political affiliation, that he was not aware of any attempts by the White House to influence how the IRS treated cases, and described the IRS as an apolitical agency with no biases or political motivations in its handling of Tea Party cases:

Q: Based on your work both in 2010 and 2011 through the present, were you aware of anyone outside of the IRS attempting to influence the way IRS employees handled Tea Party cases?

A: I’m not aware of anyone.

Q: Are you aware of any attempts by the White House to influence how the IRS treated cases?

A: I’m not aware.³³

Q: And at the time were you aware of any political bias playing a role in the decision to filter Tea Party cases for group review in emerging issues?

A: I was not aware of any political bias.

Q: Are you aware of any political bias today?

A: I’m not aware of any political bias today.

Q: Would you characterize the IRS as a political or apolitical place?

A: Apolitical.³⁴

Q: Did anyone outside the IRS ever tell you to apply enhanced scrutiny to Tea Party cases?

A: No.

Q: Based on your involvement in these cases, is it fair to say you have no evidence that any IRS employee was motivated by political bias in how they processed Tea Party cases?

A: I have no evidence of that.³⁵

³² *Id.* at 127.

³³ House Committee on Oversight and Government Reform, Interview of Group Manager I, Determinations Unit, Internal Revenue Service, at 190 (June 4, 2013).

³⁴ *Id.* at 128.

³⁵ *Id.* at 191.

Q: How would you describe the process that, of reviewing Tea Party cases? Is there a description that you believe is more accurate?

A: I would say we centralized them to work them to be consistent.³⁶

7. **Group Manager II, Determinations Unit, Internal Revenue Service—
Cincinnati**

The Cincinnati Group Manager in charge of the employees handling political advocacy cases from May 2010 through February 2013 is a self-identified Republican who said he had no knowledge of any White House involvement or political bias in the handling of Tea Party applications:

Q: This is a recent article published in Politico on June 6, 2013. And on the second page, it quotes the chairman of our committee, Darrell Issa, describing the handling of Tea Party cases by the IRS. You can take a minute to look it over. On the second page, it states, During a May 14th appearance on CBS', quote, "This Morning," for instance, Issa claimed that the IRS scandal was a secret political operation designed to benefit Obama's reelection campaign, explosive allegations that have not been backed up by existing evidence. Quote, "This was the targeting of the President's political enemies, effectively, and lies about it during the election year so that it wasn't discovered until afterwards," end quote, Issa claims.

In your opinion, working at the IRS at this time, was the decision to screen and centralize the review of Tea Party cases the, quote, "targeting" of the President's political enemies?

A: I wouldn't know [who] the political enemies are of the White House.

Q: Do you have any reason to believe that the White House directed the screening of Tea Party cases for enhanced scrutiny?

A: Not to my knowledge.

Q: Do you have any reason to believe the handling of Tea Party cases was influenced at all by the fact that an election would take place in November 2012?

A: Not to my knowledge.³⁷

Q: Are you aware of whether there was any outside influence in the Determinations Unit to centralize the review of Tea Party political advocacy cases?

A: No, not that I'm aware of.

³⁶ *Id.*

³⁷ House Committee on Oversight and Government Reform, Interview of Group Manager II, Determinations Unit, Internal Revenue Service, at 61-62 (June 12, 2013).

Q: Do you have any reason to believe that the White House directed the screening and centralization of Tea Party cases for enhanced scrutiny?
A: No, I have no idea what the White House is doing.
Q: Did you ever have contact from anyone at the White House?
A: No.
Q: Did anyone ever tell you they had contact with anyone from the White House about this process?
A: No.³⁸

Q: And you stated you were a registered Republican; is that accurate?
A: Yes.
Q: Are you aware of any political motivations behind the screening or development of Tea Party cases in Cincinnati?
A: No.
Q: Are you aware of any political motivations to benefit one political party over another in the handling of these cases?
A: No.
Q: Would you characterize the Cincinnati office as a political place?
A: Absolutely not.³⁹

Q: If political bias didn't play a role, in your view, what is your understanding of the reasons that Tea Party cases were designated an emerging issue and centralized for review?
A: Because of their political advocacy narrative, the things that were in their application. Review of the application showed that we needed—wasn't the precedents there to help guide through the application process. So they were—we reached out to our Washington office for guidance.
Q: Would you describe it—these cases, as—I think you have actually described these cases as being novel.
A: That's my description.
Q: Was it important with these kind of cases without precedents to be examined in a consistent manner?
A: Very important of all—all cases, you know, that may present something of novel or no precedents that we work them consistently.⁴⁰

³⁸ *Id.* at 71.

³⁹ *Id.* at 60.

⁴⁰ *Id.* at 62.

**8. Program Manager, Determinations Unit, Internal Revenue Service—
Cincinnati**

The head of the Exempt Organizations Determinations Unit in Cincinnati who oversaw all of the employees in the Cincinnati office stated that she had no political party affiliation and she was not aware of any White House involvement or political motivation in the screening of applicants for tax-exempt status:

- Q: In a recent news article published in Politico, the chairman of our committee described the handling of Tea Party cases by the IRS as follows, quote: "This was the targeting of the President's political enemies effectively and lies about it during the election year so that it wasn't discovered until afterwards," end quote. Based on your experience working at the IRS, did you see any evidence that the decision to have EO Technical involved in the development and determination of Tea Party cases was based on an attempt to, quote, "target the President's political enemies"?
- A: No, nothing based on what I know.
- Q: Did you see any evidence that would cause you to believe that the White House was involved at all in the way the Tea Party cases were handled?
- A: No.
- Q: Do you have any reason to believe the White House directed Tea Party cases be consolidated and coordinated for review with EO Technical?
- A: No.
- Q: Did you ever have any contact with anyone in the White House about Tea Party cases—
- A: No.
- Q: —or any political advocacy case?
- A: No.
- Q: Did anyone that you worked with tell you they had contact with anyone from the White House about Tea Party cases?
- A: No.
- Q: Do you have any reason to believe that handling of Tea Party cases or any political activity case was influenced at all by the fact that an election would take place in November 2012?
- A: I have no—nothing that I'm involved with.
- Q: Have you seen any evidence that any IRS employee who was involved with reviewing or handling Tea Party cases used their position at the IRS to attempt to influence the outcome of the election in November 2012?
- A: No.
- Q: Are you aware of whether there was any outside influence, meaning anyone outside the IRS directing the Determinations Unit to send cases to EO Technical for review and development?
- A: I'm not aware of anybody outside of IRS doing it, no.
- Q: Are you aware of any involvement by anyone outside the IRS in giving direction as to how Tea Party cases should be handled?

A: No.⁴¹

Q: [W]ere any of your actions from the time period you learned of the first Tea Party case in February 2010 through the present regarding the treatment of Tea Party cases or political advocacy cases motivated by your personal political views?

A: No.

Q: Were any of your actions regarding Tea Party cases or political activity cases motivated by your opinions about the political views that the Tea Party groups were promoting?

A: No.

Q: Did anyone at the IRS ever tell you that their actions regarding the Tea Party cases were motivated by their political views?

A: No.

Q: Did anyone at the IRS ever tell you that their actions regarding Tea Party cases were motivated by their opinions about the political views these Tea Party groups supported?

A: No.

Q: Are you aware of any political bias by employees in the Cincinnati office against conservative viewpoints?

A: No.

Q: Are you aware of any political bias by employees of the people you worked with in EO Technical against conservative viewpoints?

A: No.

Q: Are you aware of any political bias by employees of any person you worked with in Rulings and Agreements against conservative viewpoints?

A: No.

Q: Based on your years of working in and overseeing the Determinations Unit, would you characterize the Cincinnati Determinations Unit office as a political place?

A: No.

Q: Would you characterize it as apolitical?

A: To my knowledge, I mean, we don't really talk about politics.⁴²

**9. Tax Law Specialist I, Technical Unit, Internal Revenue Service—
Washington D.C.**

A Tax Law Specialist in Exempt Organizations Technical Unit in Washington, D.C. who described herself as a Republican explained that she assigned the first two Tea Party cases to the

⁴¹ House Committee on Oversight and Government Reform, Interview of Program Manager, Determinations Unit, Internal Revenue Service, at 146-48 (June 28, 3013).

⁴² *Id.* at 145-46.

technical group in Washington that handled political advocacy and was aware of no White House involvement or political motivation in the screening of applicants for tax-exempt status:

Q: Based on your experience working at the IRS, did you see any evidence that the decision to have EO Technical involved with the development and determination of Tea Party cases was based on an attempt to target President Obama's political enemies?

A: No.

Q: Did you ever have contact with anyone in the White House about these Tea Party cases?

A: No.

Q: Did anyone ever tell you they had contact with anyone from the White House about these Tea Party cases?

A: No.

Q: Do you have any reason to believe that the White House directed the consolidation or coordinated review of Tea Party cases?

A: No.

Q: Do you have any reason to believe the handling of the Tea Party cases was influenced at all by the fact that an election would take place in either November 2010 or November 2012?

A: No.

Q: Have you seen any evidence that any IRS employee who was involved in the review of Tea Party cases used their position at the IRS to attempt to influence the outcome of either the election in November 2010 or November 2012?

A: No.

Q: Are you aware of whether there was any outside influence, meaning anyone outside of the IRS, who was involved in the decision to send cases to EO Technical for review and development?

A: No.⁴³

Q: Are you aware of any political bias by employees of EO Technical against conservative views?

A: No.

Q: Were you aware of any one of your colleagues who wanted to treat these applications with greater scrutiny out of political bias?

A: No.

Q: Did anyone at the IRS ever tell you that their actions regarding these Tea Party cases were motivated by their own political views?

A: No.

⁴³ House Committee on Oversight and Government Reform, Interview of Tax Law Specialist I, Technical Unit, Internal Revenue Service, at 58-59 (July 10, 2013).

- Q: Are you aware of any political motivations behind the manner in which these Tea Party cases were handled?
- A: No.⁴⁴

**10. Tax Law Specialist II, Technical Unit, Internal Revenue Service—
Washington, D.C.**

A second Tax Law Specialist in Washington D.C. initially assigned to review and develop the two original Tea Party applications sent from Cincinnati told Committee staff that his personal political views as a Democrat had no bearing on his handling of Tea Party cases and that he had no knowledge of any White House involvement or political motivation:

- Q: The question for you is: Based on your experience working at the IRS, did you see any evidence that the decision to have EO Technical involved in the development and determination of Tea Party cases was based on an attempt to target President Obama's political enemies?

A: No.⁴⁵

- Q: Do you know whether or not the White House directed the screening, consolidation, or coordinated review of Tea Party cases?

A: No.

- Q: Did you ever have contact with anyone in the White House about these Tea Party cases?

A: No.

- Q: Did anyone ever tell you that they had contact with anyone from the White House about these Tea Party cases?

A: No.

- Q: Do you have any reason to believe the handling of the Tea Party cases by the IRS was influenced at all by the fact that an election would take place in November 2012?

A: No.⁴⁶

- Q: Sir, when you were involved between March of 2010 to August of 2011 with the handling of cases involving organizations related to the Tea Party movement,

⁴⁴ *Id.* at 58.

⁴⁵ House Committee on Oversight and Government Reform, Interview of Tax Law Specialist II, Technical Unit, Internal Revenue Service, at 146 (June 14, 2013).

⁴⁶ *Id.* at 147-48.

were any of the actions that you took motivated by your political views in any way?

A: No. Sorry, no.

Q: Were any of your actions regarding cases related to organizations associated with the Tea Party movement motivated by your opinions about the political views of these groups?

A: No.

Q: Did anyone at the IRS ever tell you that their actions regarding these Tea Party cases were motivated by their political views?

A: No.

Q: Did anyone at the IRS ever tell you that their actions regarding these Tea Party cases were motivated by their opinions about the political views of these groups?

A: No.⁴⁷

**11. Tax Law Specialist III, Technical Unit, Internal Revenue Service—
Washington, D.C.**

A third Tax Law Specialist in Washington, D.C. who was transferred responsibility for Tea Party cases previously assigned to Tax Law Specialist II, and who drafted a guide sheet on how to handle political advocacy cases, described herself as a Republican and told Committee staff she did not know of any White House involvement or political motivation in the screening of tax-exempt applications:

Q: Based on your experience working at the IRS, did you see any evidence the decision to have EO Technical involved in the development and determination of advocacy cases was based on an attempt to, quote, “target the president’s political enemies”?

A: No, not at all. That’s kind of laughable that people think that. No, not at all. This is purely cases that, unfortunately, Cincinnati didn’t have enough guidance on. That (c)(4) area is a very, very difficult area, and there’s not much guidance. And so the lingering length of time, unfortunately, was just trying to apply the law to the specific facts of each case.

Q: Did you ever have contact with anyone in the White House about these advocacy cases?

A: No.

Q: Did anyone ever tell you that they had contact with anyone from the White House about these advocacy cases?

A: No.

Q: Do you have any reason to believe the handling of advocacy cases was influenced at all by the fact that an election would take place in November 2012?

A: No.

Q: What about November 2010?

A: No.

⁴⁷ *Id.* at 143.

Q: Have you ever seen any evidence that an IRS employee who was involved in the review of advocacy cases used their position at the IRS to attempt to influence the outcome of the elections in November 2010?

A: No.⁴⁸

Q: Are you aware of whether there was any outside influence, meaning anyone outside of the IRS, in the decision to send cases to EO Technical for review and development?

A: I'm not aware of anyone.

Q: Are you aware of any outside influence, meaning anyone outside of the IRS, in EO Technical's decision to take two or three of those cases and work them?

A: No.

Q: Are you aware of any outside influence in the decision for EO Technical to provide guidance on how advocacy cases should be reviewed to EO Determinations?

A: No.⁴⁹

Q: [W]ere any of your actions regarding these advocacy cases motivated by your political views?

A: No, not at all.

Q: Were any of your actions regarding these advocacy cases motivated by your opinions about the political views of the Tea Party?

A: No.

Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their political views?

A: No.

Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their opinions about the political views of the Tea Party?

A: No, not at all.

Q: Are you aware of any political bias by employees in the Cincinnati office against conservative views?

A: No.

Q: Are you aware of any political bias by employees of the EO Technical office against conservative views?

A: No.⁵⁰

⁴⁸ House Committee on Oversight and Government Reform, Interview of Tax Law Specialist III, Technical Unit, Internal Revenue Service, at 125-27 (July 2, 2013).

⁴⁹ *Id.* at 127.

⁵⁰ *Id.* at 125.

Q: How would you describe the process?

A: I would describe the process, in my experience, in my opinion, from when I started, was that Cincinnati had just a giant influx at a certain period of time of applications that were applying for (c)(4) mostly, some for (c)(3)s, and that had what they thought was kind of a political campaign advocacy component, and didn't really know how to move forward or if there was a problem, because there were so many at the same time, and with the little guidance out there, what to exactly do, because of the concerns raised by political campaign intervention activities that might occur. I mean, it's just part of a screening process that they used to get cases, I think, to people who had the expertise and the experience in issues that they saw presented so that, you know, they could be processed more quickly, but, unfortunately, that wasn't the kind of case that happened, I guess.⁵¹

**12. Tax Law Specialist IV, Technical Unit, Internal Revenue Service—
Washington, D.C.**

A fourth tax law specialist in the Exempt Organizations Technical Unit, who has no political affiliation and was tasked with reviewing Tax Law Specialist II's work, explained to the Committee that she was unaware of any political bias against conservative organizations in the EO Technical Unit and that no one from outside the IRS or in IRS executive leadership influenced EO Technical's work on these cases:

Q: Now, were any of your actions regarding these advocacy cases motivated by your political views?

A: No.

Q: Were any of your actions regarding these advocacy cases motivated by your opinions about the political views of the Tea Party?

A: No.

Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their political views?

A: No.

Q: By their opinions about the political views of the Tea Party?

A: No.

Q: Are you aware of any political bias by employees in the Cincinnati office against conservative views?

A: No, I'm not aware of any of that.

Q: Are you aware of any political bias by employees of the EO Technical office against conservative views?

A: No.

Q: Now, based on your experience working at the IRS, did you see any evidence that the decision to have EO Technical or the Office of Chief Counsel involved in the

⁵¹ *Id.* at 129-30.

development and determination of advocacy cases was based on an attempt to, quote, “target the President’s political enemies”?

A: No.

Q: Do you have any reason to believe that the White House directed the screening, consolidation, or coordinated review of advocacy cases?

A: No.

Q: Did you ever have contact with anyone in the White House about these advocacy cases?

A: No.

Q: Did anyone ever tell you that they had contact with anyone from the White House about these advocacy cases?

A: No.

Q: Do you have any reason to believe that the handling of these advocacy cases was influenced at all by the fact that an election would take place in November 2010 or November 2012?

A: No.

Q: Have you seen any evidence that any other IRS employee who was involved in the review of the advocacy cases used their position at the IRS in an attempt to influence the outcome of the elections in November 2010 or November 2012?

A: No.⁵²

13. Group Manager, Technical Unit, Internal Revenue Service—Washington D.C.

The Exempt Organizations Technical Unit Group Manager who supervised the first tax law specialist handling the two Tea Party cases told Committee staff that he votes in Republican primaries and had no knowledge of any White House involvement or political motivation regarding the screening of tax-exempt applications:

Q: Based on your experience working at the IRS, did you see any evidence that the decision to have EO Technical involved in the development of Tea Party cases was based on any attempt to target President Obama’s political enemies?

A: No.

Q: Did you ever have any contact with anyone in the White House about Tea Party cases?

A: No.

Q: Did anyone ever tell you that they had contact with anyone from the White House about Tea Party cases?

A: No.

Q: Do you have any reason to believe that the White House directed this screening, consolidation, or coordinated review of Tea Party cases?

A: No.

⁵² House Committee on Oversight and Government Reform, Interview of Tax Law Specialist IV, Technical Unit, Internal Revenue Service, at 148-50 (July 31, 2013).

Q: Do you have any reason to believe the handling of Tea Party cases was influenced at all by the fact that an election would take place in November of 2012?
A: No.⁵³

Q: Based on your involvement and your role with what had been called the Tea Party cases—
A: Uh-huh.
Q: —did you see or hear anything to make you believe that anybody had any political bias against Tea Party organizations?
A: I had seen or heard nothing that would suggest any political bias.⁵⁴

Q: Were any of your actions regarding the Tea Party cases motivated by political bias?
A: Definitely not.
Q: Were any of your actions regarding the Tea Party cases motivated by any of your opinions about the political views of Tea Party groups?
A: No.
Q: Did anyone at the IRS ever tell you that their actions regarding these Tea Party cases were motivated by their political views?
A: No one told me that.
Q: Are you aware of any political bias by the employees in the EO Technical Unit against conservative views?
A: I am not aware of any bias like that.
Q: Are you aware of any political bias by employees in the Exempt Organizations Division generally or the Office of Exempt Organizations, the director's office?
A: The director's office? No, I am not aware of anything like that.
Q: What about in Rulings and Agreements?
A: No, I am not aware of anything like that in Rulings and Agreements.
Q: Would you characterize the IRS Exempt Organizations office you worked at as a political place?
A: No.⁵⁵

⁵³ House Committee on Oversight and Government Reform, Interview of Exempt Organizations Technical Unit Group Manager, Technical Unit, Internal Revenue Service, at 132-33 (June 21, 2013).

⁵⁴ *Id.* at 130.

⁵⁵ *Id.* at 131-32.

14. Manager I, Technical Unit, Internal Revenue Service—Washington, DC

A group manager in the Exempt Organizations Technical Unit, who served as the acting manager of the Technical Unit in 2010 and identified himself as a Democrat, explained to Committee staff that he has no bias against Tea Party or conservative groups, is not aware of any bias in the Technical Unit, and had no knowledge of any White House involvement in the handling of these cases:

- Q: So I want to ask you about your impressions of this process in your capacity as the acting director and then later as—acting manager, excuse me, and then later when you returned to your original post. Were any of your actions regarding these Tea Party cases motivated by your personal political views?
- A: No, they were not.
- Q: Were any of your actions regarding these cases motivated by your opinions about the political views of the Tea Party?
- A: No, they were not.
- Q: Did anyone else within the IRS ever tell you that their actions regarding the Tea Party cases were motivated by their personal political views?
- A: No, they were not.
- Q: Or their views of the Tea Party?
- A: No.⁵⁶

- Q: Are you aware of any political bias by employees in the EO Technical office against conservative views?
- A: No, I am not.
- Q: Now, based on your experience, both as the acting manager of the EO Technical unit and subsequent, did you see any evidence that the decision to have EO Technical involved in the development and determination of the Tea Party cases was based on an attempt to target President Obama's political enemies?
- A: No, I did not see any evidence of that.⁵⁷

- Q: Do you have any reason to believe that the White House directed the screening, consolidation or coordinated review of advocacy cases?
- A: I have no reason to believe the White House did that.
- Q: Did you ever have contact with anyone in the White House about these Tea Party cases?
- A: I did not have contact with anyone in the White House.

⁵⁶ House Committee on Oversight and Government Reform, Interview of Manager I, Technical Unit, Internal Revenue Service, at 65-66 (July 16, 2013).

⁵⁷ *Id.* at 66.

- Q: Did anyone ever tell you that they had contact with anyone from the White House about these Tea Party cases?
- A: No one ever told me they had contact with the White House.
- Q: Do you have any reason to believe that the handling of Tea Party cases was influenced by a desire to shape the results of the November 2010 election?
- A: I have no reason to believe that.
- Q: Or the November 2012 election?
- A: I have no reason to believe that.⁵⁸

15. Manager II, Technical Unit, Internal Revenue Service—Washington, D.C.

The Manager of the Exempt Organizations Technical Unit from January 2011 to the present, a self-identified Democrat, explained at his interview that he transferred the two Tea Party cases from one Tax Law specialist to another in order to process the cases more quickly, and that he had no knowledge of any White House involvement or political bias in the screening of tax-exempt applications:

- Q: Based on your experience working at the IRS, did you see any evidence of a decision to have EO Technical involved in [the] development and determination of Tea Party cases was based on attempt to target the President's political enemies?
- A: No.
- Q: Do you have any reason to believe that the White House directed the screening, consolidation, or coordination, and coordinated review, excuse me, of Tea Party cases?
- A: No.
- Q: Did you ever have contact with anyone in the White House about these Tea Party cases?
- A: No.
- Q: Did anyone ever tell you that they had contact with anyone from the White House about these Tea Party cases?
- A: No.
- Q: Do you have any reason to believe the handling of Tea Party cases was influenced at all by the fact that an election would take place in November of 2012?
- A: No.
- Q: Have you seen any evidence that any IRS employee who was involved in the review of Tea Party cases used their position at the IRS to attempt to influence the outcome of the elections in November 2012?
- A: No.
- Q: Are you aware of whether there was any outside influence, meaning anyone outside of the IRS, in the decision to send cases to EO Technical for review and development?
- A: No.

⁵⁸ *Id.* at 67.

Q: Are you aware of any outside influence, meaning anyone outside the IRS, in EO [Technical's] decision to take two or three of those cases and work them?

A: No.

Q: Are you aware of any outside influence in the decision for EO Technical to provide guidance on how Tea Party cases should be reviewed to EO Determinations?

A: No.⁵⁹

Q: Did anyone outside the IRS instruct you to not provide guidance or to delay the provision of guidance to EO Determinations in order to further delay application determinations?

A: No.

Q: Did any personal political bias play any part in the fact that EO Technical did not provide EO Determinations with guidance for such a long period of time?

A: No.

Q: Were you aware of anyone who was intentionally delaying the processing of the advocacy cases because of political bias or to further a political agenda?

A: Not aware of any.⁶⁰

Q: [H]ave any of your actions regarding the Tea Party cases that we've discussed been motivated by your political views?

A: No.

Q: Were any of your actions regarding the Tea Party cases motivated by your opinions about the political views of the Tea Party?

A: No.

Q: Did anyone at the IRS ever tell you that their actions regarding the Tea Party cases were motivated by their political views?

A: No.

Q: Has anyone at the IRS ever told you that their actions regarding the Tea Party cases were motivated by their opinions about the political views of the Tea Party?

A: No.

Q: Are you aware of any political bias by employees in the Cincinnati office against conservative views?

A: No, I'm not aware.

Q: Are you aware of any political bias by employees at the EO Technical office against conservative views?

A: No.⁶¹

⁵⁹ House Committee on Oversight and Government Reform, Interview of Manager II, Technical Unit, Internal Revenue Service, at 158-59 (July 11, 2013).

⁶⁰ *Id.* at 152-53.

16. Director of Rulings and Agreements, and Director of Employee Plans Division, Internal Revenue Service—Washington, D.C.

The Director of the Employee Plans Division, who formerly served as the Director of Rulings and Agreements in the Exempt Organization's Division from 2007 to 2010, told Committee staff that he was registered to vote as a Democrat, but that his actions were not motivated by his political views, and that he had no knowledge of any political bias in the Exempt Organizations Division or White House involvement in these cases:

Q: Were any of your actions regarding these cases motivated by your political views?

A: No.

Q: Were any of your actions regarding these cases motivated by your opinions about the political views of the Tea Party?

A: No.

Q: Did anyone at the IRS ever tell that you their actions regarding these cases were motivated by their political views?

A: No.

Q: By their opinions about the political views of the Tea Party?

A: No.

Q: Are you aware of any political bias by employees in the Determinations Unit in Cincinnati against conservative views?

A: No.

Q: Are you aware of any political bias by employees of the EO Technical Unit in Washington against conservative views?

A: I am not.

Q: Are you aware of any political bias by employees within the IRS Office of Chief Counsel against Tea Party groups?

A: No.

Q: Are you aware of any political bias by Lois Lerner against conservative views?

A: No.

Q: Any bias by Ms. Lerner against the political views of the Tea Party?

A: No.

Q: Are you aware of any political bias by any of the IRS employees under your supervision as Director of Rulings and Agreements against the Tea Party?

A: No.

Q: How about Lois Lerner's advisors? Are you aware of any bias by Ms. Lerner's technical advisors, her staff, against the Tea Party or conservative groups?

A: No.⁶²

⁶¹ *Id.* at 157-58.

⁶² House Committee on Oversight and Government Reform, Interview of Director of Employee Plans Division and Employee Plans Division, Internal Revenue Service, at 109-10 (Aug. 21, 2013).

- Q: Based on your experience as the Director of Rulings and Agreements, did you see any evidence that the decision to have EO Technical involved in the development and determination of Tea Party cases was based on an attempt to target the President's political enemies?
- A: No.
- Q: Do you have any reason to believe that the White House directed the screening consolidation or coordinated review of these cases?
- A: No.
- Q: Did you ever have any contact with anyone in the White House about these cases?
- A: No.
- Q: Did anyone ever tell you that they had contact with the White House about these cases?
- A: No.⁶³

17. Director of Rulings and Agreements, and Exempt Organizations Technical Unit Manager—Washington D.C.

The Manager of the Exempt Organizations Technical Unit, who later became the Director of Rulings and Agreements in Washington, D.C. and described herself as a Democrat, explained that she was unaware of the screening criteria until the summer of 2011, more than a year after they were developed. She then worked with the management of Exempt Organizations and the Cincinnati office to change the criteria. She told the Committee that she had no knowledge of any White House involvement or political motivation in the handling of Tea Party cases:

- Q: In terms of the creation of the criteria that was used to screen political advocacy cases, you testified that only first-line management were involved in that creation of that criteria?
- A: To my knowledge, that is what it appears from what I saw during the IG investigation.
- Q: And to your knowledge, was anybody in Washington aware of that criteria until you discovered it in June 2011?
- A: No, not to my knowledge.
- Q: And, to your knowledge, when those front-line screeners created the criteria used to identify political advocacy cases, did you discover any evidence of anyone from outside the EO Determinations influencing the development of that criteria?
- A: No. And the TIGTA report notes that they did not find any evidence of outside influence; that folks were asked and indicated no.
- Q: So, first I'm asking about outside of the EO Determinations. So no one in the Washington process.
- A: Until the June 2011—July—beginning of July 2011 when we changed the criteria. Yes. I did not find anything that anyone outside of EO Determinations in EO more generally influenced the criteria.
- Q: No one outside of the IRS?

⁶³ *Id.* at 111.

A: Correct. There was no indication I saw that anyone outside the IRS influenced the criteria.
Q: Anyone from Congress?
A: There was no indication that Congress influenced the criteria.
Q: Anyone from the White House?
A: There was no evidence that anyone from the White House influenced the criteria.⁶⁴

Q: Was there any bias—I just want to make sure we’re really clear on this. Was there any bias as you knew it within the organization that you were in which at that time was the technical—
A: EO Technical.
Q: EO Technical. Were you aware of any bias between conservative groups or liberal groups?
A: No, I was not aware of any bias.
Q: And at that time, were you aware of any bias in the Determinations unit?
A: No I was not.⁶⁵

Q: Is the IRS a place where you’ve observed an atmosphere where politics—and by that I’m discussing, you know, campaign politics, advocacy on behalf of a particular party or candidate—is something that is discussed on a regular basis?
A: No.
Q: So would you describe the IRS, in your experience at least, as being a sort of apolitical or nonpartisan place?
A: Yes, in my experience, it was nonpartisan.
Q: Do you have any information that would lead you to believe that the Cincinnati Determinations Unit, office, is different than has been your experience?
A: No. They expressed—
Employee Counsel: With respect to political bias.
A: They expressed through these investigations that they were not even very aware of, you know, politics. Being outside of Washington, it was not something that they followed or had interest in.⁶⁶

⁶⁴ House Committee on Oversight and Government Reform, Interview of Director, Rulings and Agreements, and Exempt Organizations Technical Unit Manager, at 138-39 (May 21, 2013).

⁶⁵ *Id.* at 67.

⁶⁶ *Id.* at 144-45.

Employee Counsel: What were these employees' explanations for using the term "Tea Party"?

A: That it was really just an efficient way to refer to this issue; that they all understood that the real issue was campaign intervention.

Employee Counsel: It was a shortcut or abbreviation?

A: Yes. Just sort of a shorthand reference. You know, I think they may have referenced, you know, it's like calling soda "Coke" or, you know, tissue "Kleenex." They knew what they meant, and the issue was campaign intervention.

Q: Is it your understanding that despite use of the this [sic] term "Tea Party," they were still reviewing the cases for political advocacy in general, regardless of political leaning?

A: That's my understanding.

Q: I think people have a hard time understanding how they didn't notice that that would be a problem. Do you have any sense of—I know that's sort of asking you to think about—but you've obviously had a lot of interaction with them, and we haven't spoken to them at all. Do you have any sense of how it is that they could have not noticed that there was a problem with using "Tea Party" to refer to political advocacy cases?

A: My impression, based on, you know, this instance and other instances in the office is that because they are so apolitical, they are not as sensitive as we would like them to be as to how things might appear. You know, for many years Exempt Organizations was an area that did not get a great deal of attention, you know, outside the IRS. And it's only been in recent years that it's something that has gotten, you know, more media attention and congressional attention. And I think they—you know, many of these employees have been with the IRS for decades and were used to a world where how they talked about things internally was not something that would be public or that anyone would be interested in. So I don't think they thought much about how it would appear to others. They knew what they meant, and that was sort of good enough for them.⁶⁷

18. Technical Advisor to the Division Commissioner, Tax Exempt and Government Entities, Internal Revenue Service—Washington, D.C.

The Technical Advisor to the Division Commissioner of Tax Exempt and Government Entities, who explained that he was a registered Democrat at the time of his interview, told the Committee that his actions were not motivated by political bias, that he was unaware of any political bias in his organization, and that he had no contact with the White House.

Q: Throughout your involvement with the review and development of political advocacy cases and assistance provided to EO Determinations, were any of your actions regarding these cases motivated by political views?

A: No.

⁶⁷ *Id.* at 146-47.

- Q: Were any of your actions regarding these advocacy cases motivated by your opinions about the political views of Tea Party organizations?
- A: No.
- Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their political views?
- A: No.
- Q: Did anyone at the IRS ever tell you their actions regarding the advocacy cases were motivated by their opinions about the political views of the Tea Party movement?
- A: No.
- Q: Are you aware of any political bias by employees in any of the offices in Washington, D.C., within Exempt Organizations against conservative views?
- A: No, to my organization there is—to my knowledge there is none.
- Q: And what about in the Cincinnati office?
- A: No, not that I'm aware of.
- Q: Based on your experience working at the IRS since 2007, did you see any evidence that the decision to have EO Technical and later Rulings and Agreements and the Office of Chief Counsel involved in the review and development of advocacy cases was based on an attempt to, quote, "target President Obama's political enemies"?
- A: No.
- Q: Do you have any reason to believe that the White House directed that Tea Party cases be screened, consolidated or coordinated for review with EO Technical?
- A: No.
- Q: Did you ever have any contact with anyone in the White House about these advocacy cases?
- A: No.⁶⁸

- Q: Did you ever have any contact with anyone in the Treasury Department regarding the handling of these advocacy cases?
- A: No.
- Q: Did anyone ever tell you that they had contact with anyone from the White House or the Treasury Department about these advocacy cases?
- A: No, not that I recall.⁶⁹

⁶⁸ House Committee on Oversight and Government Reform, Interview of Technical Advisory to the Division Commissioner, Tax Exempt and Government Entities, Internal Revenue Service, at 148-50 (July 23, 2013).

⁶⁹ *Id.* at 150.

19. Senior Technical Advisor I to the Director, Exempt Organizations, Internal Revenue Service—Washington, D.C.

The Senior Technical Advisor to Lois Lerner, who had been in her position since 2008, told the Committee that she has no political affiliation. She stated that she had no reason to believe that Ms. Lerner or any other IRS employees' actions related to these cases were motivated by political bias or that there was any White House involvement in these cases:

- Q: Were any of your actions regarding the advocacy or Tea Party cases motivated by your personal political views?
- A: No.
- Q: Were any of your actions regarding these advocacy cases motivated by your opinions about the political views of the Tea Party?
- A: No.
- Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their political views?
- A: No.
- Q: By their opinions about the political views of the Tea Party?
- A: No.
- Q: Do you have any reason to believe that Lois Lerner's actions related to the advocacy or Tea Party cases was motivated by bias against conservative views?
- A: No.⁷⁰

- Q: Did you see any evidence that any decision related to these advocacy cases was based on an attempt to target the President's political enemies?
- A: No.
- Q: Do you have any reason to believe that the White House directed the screening, consolidation, and coordinated review of these cases?
- A: No.
- Q: Did you ever have contact with anyone in the White House about these cases?
- A: No.
- Q: Did anyone ever tell you that they got direction from anyone in the White House about these cases?
- A: No.
- Q: Did anyone in the Treasury Department ever give you any direction or instruction regarding these advocacy cases?
- A: No.
- Q: Did anyone ever tell you that someone in the Treasury Department had given them direction or instructions regarding these advocacy cases?

⁷⁰ House Committee on Oversight and Government Reform, Interview of Senior Technical Advisor to the Director, Exempt Organizations, Internal Revenue Service, at 46-47 (Oct. 29, 2013).

A: No.⁷¹

**20. Senior Technical Advisor II to the Director of Exempt Organizations,
Internal Revenue Service—Washington, D.C.**

A self-described Democrat who served as a senior technical advisor to Ms. Lerner beginning in 2011 told the Committee that she was unaware of any bias in the Exempt Organizations Division against conservative organizations, that Ms. Lerner was not biased towards conservative groups, and that the White House did not direct or coordinate the IRS's treatment of advocacy cases:

Q: Did you ever have contact with anyone in the White House about these advocacy cases?

A: I did not.

Q: Did anyone ever tell you that they had contact with anyone from the White House about these advocacy cases?

A: They did not.⁷²

Q: Do you have any reason to believe that the White House directed the screening, consolidation or coordinated review of advocacy cases?

A: I do not.

Q: Did you ever have contact with anyone in the White House about these advocacy cases?

A: I did not.

Q: Did anyone ever tell you that they had contact with anyone from the White House about these advocacy cases?

A: They did not.⁷³

Q: [W]ere any of your actions regarding the advocacy cases motivated by your political views?

A: No.

Q: Were any of your actions regarding the advocacy cases motivated by your opinions about the political views of the Tea Party?

A: No.

⁷¹ *Id.* at 47-48.

⁷² House Committee on Oversight and Government Reform, Interview of Senior Technical Advisor II to the Director of Exempt Organizations, Internal Revenue Service, at 156 (Sept. 5, 2013).

⁷³ *Id.* at 156.

Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their political views?

A: No.

Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their opinions about the political views of the Tea Party?

A: No.

Q: Are you aware of any political bias by Exempt Organization employees against conservative views?

A: I am not.

Q: Are you aware of any political bias by anyone in the Office of IRS Chief Counsel against conservative views?

A: I am not.

Q: Based on your experience working at the IRS, did you see any evidence that the decision to have Exempt Organizations involved in the development and determination of advocacy cases was based on an attempt to "target the President's political enemies?"

A: I did not.⁷⁴

Q: Did Lois Lerner ever say anything to you that would cause you to believe that she was politically biased against conservative views?

A: No.

Q: Did Ms. Lerner ever say anything to you that would cause you to believe that she was politically biased against the views of the Tea Party?

A: No.

Q: Based on your experience at working with the IRS, did you see any evidence that Lois Lerner permitted her personal political views to impact her work?

A: No.

Q: Did Ms. Lerner discuss her personal political views with you at work?

A: I don't remember a conversation about them.

Q: Did you hear Ms. Lerner discussing her personal political views with other IRS employees?

A: No.

Q: Would it be fair to say that Ms. Lerner kept her personal political views out of the workplace as far as you could tell?

A: Yes.⁷⁵

⁷⁴ *Id.* at 155-56.

⁷⁵ *Id.* at 161-62.

21. Former Senior Technical Advisor to the Division Commissioner, Tax Exempt and Government Entities, Internal Revenue Service—Washington, D.C.

The former Senior Technical Advisor to the Commissioner of Tax Exempt and Government Entities, who served in that position from 2011 to 2013, is a registered Independent. When IRS leadership learned about the allegations regarding the advocacy cases, they tasked the former Senior Technical Advisor with conducting an internal review. She told the Committee that she saw no evidence of White House involvement, political motivation, or “invidious intent.” She described the individuals doing the internal review, their process, and their findings:

So we were inside the IRS. We’ve worked there for a long time. I care deeply about the IRS mission. I believe in our responsibility to be fair and evenhanded in our treatment of taxpayers. It’s my operating assumption that, of course, we would be. Some of the things that people fear would be crimes. You know, if the White House were to call somebody in the IRS and say, you know, treat this person badly or treat this person well, that’s a crime. That’s a Federal crime. That’s got to be reported as a crime. ... We kind of had the perspective and had the whole story and did think that things had happened that shouldn’t have happened, but did think that people didn’t do it with invidious intent, that we genuinely had tried to turn it around and get it on the right track, that we had TIGTA coming in to do a more comprehensive look and we were planning to cooperate with that.⁷⁶

Q: Do you have any reason to believe that the White House directed the screening, consolidation, or coordinated review of advocacy cases?

A: No.

Q: Did you ever receive direction from anyone in the White House about the advocacy cases?

A: No.

Q: Did anyone ever tell you that they had received direction from the White House about the advocacy cases?

A: No.⁷⁷

Q: [W]ere any of your actions as senior technical advisor to the Commissioner of TEGE motivated by your political views?

A: No.

⁷⁶ House Committee on Oversight and Government Reform, Interview of Former Senior Technical Advisor to the Division Commissioner, Tax Exempt Government Entities, Internal Revenue Service, at 192-93 (Oct. 8, 2013).

⁷⁷ *Id.* at 42.

Q: Were any of your actions regarding the advocacy cases motivated by your political views?

A: No.⁷⁸

Q: Are you aware of any political bias by Exempt Organization employees against conservative views?

A: No.

Q: Have you seen any evidence that Ms. Lerner used her position within the IRS to target Tea Party groups?

A: No.

Q: Have you seen any evidence that Ms. Lerner acted in a biased manner against Tea Party organizations or other conservative groups?

A: No.⁷⁹

22. Counsel I, IRS Office of Chief Counsel—Washington, D.C.

An attorney in the IRS Office of Chief Counsel, who identified herself as someone who votes in Democratic primaries, performed the legal review for one applicant whose views were affiliated with the Tea Party. She told the Committee that she had no knowledge of White House involvement or political motivation. She also described another instance when she performed a similar legal review on an applicant for 501(c)(4) status that trained women to become Democratic candidates for election, and in that instance she recommended denial of that applicant:

Q: Based on your experience working at the IRS, did you see any evidence the decision to have the Office of Chief Counsel involved in the development and determination of advocacy cases was based on an attempt to target the President's political enemies?

A: No.

Q: Do you have any reason to believe that the White House was involved at all in the review of advocacy cases?

A: No.

Q: Did you have any contact with anyone in the White House concerning these advocacy cases?

A: No.

Q: Did anyone ever tell you that they had contact with anyone from the White House about advocacy cases?

A: No.

⁷⁸ *Id.* at 40.

⁷⁹ *Id.* at 41.

Q: Do you have any reason to believe that the handling of the advocacy case you reviewed in June 2011 was influenced at all by the fact that an election would take place in November of 2012?

A: No.

Q: Have you seen any evidence that any IRS employee who was involved in the review of any advocacy cases used their position at the IRS to attempt to influence the outcome of the elections in November 2012?

A: No.

Q: Are you aware of whether there was any outside influence, meaning anyone outside of the IRS, in the decision to send cases to the Office of Chief Counsel for review and development?

A: No.⁸⁰

Q: [Y]ou had reviewed a 501(c)(4) application of a progressive organization; is that correct?

A: Yes, I mentioned that I had reviewed a 501(c)(4) application that had to do with political advocacy but not political campaign intervention specifically.

Q: Can you describe what that review entailed?

A: Yes. It was a review of an application from a (c)(4) that was going to be training women to become candidates in a particular political party.

Q: What political party?

A: The Democratic party.⁸¹

Q: [D]id you state that the ultimate outcome was a recommendation for denial?

A: Yes, that was our recommendation.⁸²

Q: Chief Counsel's Office in this progressive group case in 2010 took approximately maybe a little over 7 months to conduct its review; is that about right?

A: That's about right.

Q: And about how long did you take, or Chief Counsel's office take to conduct its review in 2011 of the conservative (c)(4) case?

A: Just from June to August.

Q: So less time?

⁸⁰ House Committee on Oversight and Government Reform, Interview of Counsel I, IRS Office of Chief Counsel, at 127-28 (Aug. 9, 2013).

⁸¹ *Id.* at 60-61.

⁸² *Id.* at 66.

A: Much less time.
Q: Did you use the same level of scrutiny when reviewing the progressive group case in May 2010 that you used when reviewing the 501(c)(4) application in 2011?
A: Yes.⁸³

Q: So, in your review of the progressive group case in May 2010, you used a private benefit analysis, correct?
A: Correct.
Q: Did you utilize a private benefit analysis in your review of the 501(c)(4) application in June 2011?
A: No.
Q: Why did you decide not to use a private benefit analysis in the June 2011 review of the 501(c)(4) application?
A: It was sort of the other way around. In the progressive case in 2010, we first considered political campaign intervention because there's more—there are revenue rulings on point, and we decided it did not apply because there was no specific election in which the organization was intervening. It was just training candidates for some future election yet to be named. So, it was more the other way around. But what they were doing seemed political, and it seemed to be giving a sort of benefit to a political party, so we went to the private benefit analysis.⁸⁴

23. Counsel II, IRS Office of Chief Counsel—Washington, D.C.

Another attorney in the IRS Office of Chief Counsel, who identified himself as a Democrat, performed the legal review on a second Tea Party-affiliated application and provided some legal advice regarding the IRS's proposed guidesheet on the topic of 501(c)(4) applications. He told the Committee he was aware of no White House involvement or political motivation. He explained that he previously reviewed a 501(c)(4) application for a progressive entity and recommended that it be denied due to its political activity:

Q: Were any of your actions regarding the Tea Party or advocacy case that you reviewed or your work on the guidesheet motivated by your political views?
A: Not at all.
Q: Were any of your actions regarding the Tea Party cases that you reviewed or the guidesheet motivated by your opinions about the political views of the Tea Party?
A: No.
Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their political views?
A: Not at all.

⁸³ *Id.* at 68-69.

⁸⁴ *Id.* at 70-71.

Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their opinions about the political views of the Tea Party?

A: No.

Q: Are you aware of any political bias by employees in the Office of Chief Counsel against conservative views?

A: No.⁸⁵

Q: Did you see any evidence that the decision for you to review the Tea Party application in 2011 was based on an attempt to target the President's political enemies?

A: No.

Q: Do you have any reason to believe that the White House directed the screening, consolidation, or coordinated review of advocacy cases?

A: I have no knowledge one way or the other.

Q: Did you ever have contact with anyone in the White House about the advocacy cases?

A: I never had any contact with anyone in the White House.⁸⁶

Q: Did anyone ever tell you that they had contact with anyone from the White House about these advocacy cases?

A: No.

Q: Did you have any reason to believe that the handling of advocacy cases was influenced at all by the fact that an election would take place in November 2012?

A: No.

Q: Did you have any reason to believe the handling of advocacy cases was influenced at all by the fact that an election would take place in November 2010?

A: No.

Q: Have you seen any evidence that any IRS employee who was involved in the review of advocacy cases used their position at the IRS in an attempt to influence the outcome of the elections in November 2012 or in 2010?

A: No.

Q: Are you aware of whether there was any outside influence, meaning anyone outside of the IRS, in the decision to send cases to the Office of Chief Counsel for review and development?

A: No.⁸⁷

⁸⁵ House Committee on Oversight and Government Reform, Interview of Counsel II, IRS Office of Chief Counsel, at 139-40 (July 26, 2013).

⁸⁶ *Id.* at 141.

⁸⁷ *Id.* at 142.

Q: [W]as the case you received in June or July of 2011, was it any different than any other 501(c)(4) cases with political activity you have seen in the past?

A: Yes.

Q: How was it different?

A: It involved a conservative entity. I had previously, in 2010, had a (c)(4) application that very clearly was for a progressive entity.

Q: And what happened to that application, progressive application?

A: That application, we recommended that it be denied, and it was denied.⁸⁸

Q: And was the way that you handled that case in 2010 similar or different to the way you handled the case in—the Tea Party case in 2011?

A: I failed in 2011 to consider private benefit in the Tea Party case. I probably should have considered it.⁸⁹

Q: What impact would having considered private benefit have had in your review of the Tea Party case?

A: It would have delayed processing of the case because it would have required additional thinking to determine whether that case was directly benefitting one or maybe more particular candidates or particular parties as opposed to a more generic and varied agenda that was involved with political campaign activity.

Q: And this analysis would potentially have been reason for you to recommend denial, but it would not have been a reason to recommend approval. Is that accurate?

A: If the analysis were to hold up—and it is a novel analysis—it would be a ground for denial.⁹⁰

24. Senior Counsel, IRS Office of Chief Counsel—Washington D.C.

The Senior Counsel in the IRS Office of Chief Counsel in Washington, D.C., who provided legal advice to the Exempt Organizations Unit on the 501(c)(4) legal standard, informed Committee staff during his interview that he had no political affiliation and that he had no knowledge of any White House involvement or political motivation in the screening of applicants for tax exempt status:

⁸⁸ *Id.* at 41-42.

⁸⁹ *Id.* at 43.

⁹⁰ *Id.* at 51-52.

Q: Do you have any reason to believe that anyone in the IRS Chief Counsel's Office's conduct with respect to the advocacy cases was affected by their—any personal political views that they may have?

A: No, I am not.

Q: Based on your experience working with the IRS, do you see any evidence that the decision to have IRS Chief Counsel involved in providing guidance to the EO function related to the advocacy cases was based on an attempt to target the President's political enemies?

A: No, I have no knowledge of that.

Q: Did anyone ever contact you—did anyone in the White House ever contact you about these advocacy cases?

A: No. I have never been contacted by anybody in the White House.⁹¹

Q: Are you aware of whether there was any outside influence—meaning outside of the IRS—in the decision to send the advocacy cases to IRS Chief Counsel for review?

A: No. I simply don't know why the cases were sent other than they were sending us two cases. So I don't know any—I have no idea. I don't know why they were sent.

Q: And you said that that was—

A: But I'm not aware of anything along—of them being selected for the reason you described. The way it was presented to us was, here are two cases among the 100 we have.

Q: And you said before that that was not an uncommon practice?

A: No.⁹²

Q: So I want to ask, related to your work on the, you know, on these so-called advocacy cases, were any of your actions regarding these advocacy cases motivated by your political views?

A: No.

Q: Were any of your actions regarding these advocacy cases motivated by your opinions about the political views of the Tea Party?

A: No.

Q: Did anyone at the IRS tell you that their actions regarding the advocacy cases were motivated by their political views?

A: No.

Q: By their opinions about the political views of the Tea Party?

⁹¹ House Committee on Oversight and Government Reform, Interview of Senior Counsel, IRS Office of Chief Counsel, at 78-79 (July 12, 2013).

⁹² *Id.* at 79-80.

A: No.⁹³

25. Deputy Division Counsel and Associate Chief Counsel, IRS Office of Chief Counsel—Washington, D.C.

The Deputy Division Counsel, a self-identified Republican who supervised the attorneys providing technical assistance on the advocacy cases, told the Committee that she had no knowledge of any White House involvement or political bias either by the attorneys she supervised or Ms. Lerner:

Q: Now, were any of your actions regarding these cases motivated by your political views?

A: None at all.

Q: Were any of your actions regarding these cases motivated by your opinions about the political views of the Tea Party?

A: None.

Q: Did anyone at the IRS ever tell you that their actions regarding these cases were motivated by their political views?

A: None.

Q: By their opinions about the political views of the Tea Party?

A: No.

Q: You supervise several attorneys who worked more closely with these cases. Do you have any reason to believe that their actions related to these advocacy cases were motivated by any political views or bias against the Tea Party?

A: Not at all.

Q: Are you aware of any political bias by employees of the EO Technical office against conservative views?

A: No.

Q: Are you aware of any political bias by employees within the IRS Office of Chief Counsel against Tea Party groups?

A: No.⁹⁴

Q: You also work very closely with Ms. Lerner on creating or editing guidance and other issues related to this investigation. Are you aware of any political bias by Ms. Lerner against Tea Party groups?

A: No.

Q: Are aware of any political bias by Ms. Lerner against conservative views?

A: No.

⁹³ *Id.* at 77.

⁹⁴ House Committee on Oversight and Government Reform, Interview of Deputy Division Counsel and Associate Chief Counsel, IRS Office of Chief Counsel, at 196-97 (Aug. 23, 2013).

- Q: Based on your experience working at the IRS, did you see any evidence that the decision to have the Office of Chief Counsel involved in the review of these applications or the creation of guidance being based on an attempt to, quote, “target” the President’s political enemies?
- A: No.
- Q: Do you have any reason to believe that the White House directed the screening, consolidation, or coordinated review of these cases?
- A: No.
- Q: Did you ever have contact with anyone in the White House about these cases?
- A: No.
- Q: About the guidance?
- A: No.
- Q: Did anyone ever tell you that they had contact with anyone from the White House about these cases or about the guidance?
- A: No.
- Q: Do you have any reason to believe that the handling of these cases was influenced by the fact that there was an election in November 2010?
- A: No.
- Q: November 2012?
- A: No.⁹⁵

26. Division Counsel and Associate Chief Counsel, IRS Office of Chief Counsel—Washington, D.C.

The Division Counsel and Associate Chief Counsel, a self-described Democrat who worked on the process of clearing out the backlog of cases, told the Committee that she is unaware of any political bias against conservative views or organizations in the IRS:

- Q: Were any of your actions regarding the advocacy cases or the review of draft guidance from the EO function motivated by your political views?
- A: No, they were not.
- Q: Were any of your actions regarding these cases or the draft guidance motivated by your opinions about the political views of the Tea Party?
- A: No, they were not.
- Q: Did anyone at the IRS ever tell you that their actions regarding these advocacy cases or any draft guide sheet was motivated by their political views?
- A: No, they did not.
- Q: By their opinions about the political views of the Tea Party?
- A: No, they did not.
- Q: Are you aware of any political bias by employees in the EO function against conservative views?
- A: I’m not aware of any political bias against conservative views.
- Q: Any political bias against the Tea Party?

⁹⁵ *Id.* at 197-198.

A: I'm not aware of any political bias against the Tea Party.
Q: Are you aware of any political bias by employees within the IRS Office of Chief Counsel against Tea Party or conservative groups?
A: No, I'm not.⁹⁶

Q: Based on your experience working at the IRS, do you see any evidence that the work of attorneys within the Office of Chief Counsel related to the advocacy cases or the guide sheet produced was based on an attempt to target the President's political enemies?
A: Certainly not.
Q: Do you have any reason to believe that the White House directed the screening, consolidation, or coordinated review of advocacy cases?
A: No, I do not.
Q: Do you have any reason to believe that the White House directed any delay in processing advocacy cases or any delay in reviewing a guide sheet related to these advocacy cases?
A: No.⁹⁷

27. Chief Counsel, IRS Office of Chief Counsel—Washington, D.C.

William Wilkins was appointed by President Obama to be the Chief Counsel of the IRS in 2010, and was the only Obama Administration appointee in the IRS from 2010 to 2013. Mr. Wilkins was not involved in the legal review of the two Tea Party-affiliated applicants performed by his subordinates. He told the Committee that he never acted out of political bias towards conservative groups, and that he had no knowledge of any White House involvement or political motivation in the screening of tax-exempt applications:

Q: Have any of your actions as IRS Chief Counsel been motivated by your political views?
A: No.
Q: Have you taken any action as IRS Chief Counsel concerning the advocacy cases motivated by your political views?
A: No.⁹⁸

⁹⁶ House Committee on Oversight and Government Reform, Interview of Division Counsel and Associate Chief Counsel, IRS Office of Chief Counsel, at 156-57 (Aug. 29, 2013).

⁹⁷ *Id.* at 158.

⁹⁸ House Committee on Oversight and Government Reform, Interview of Chief Counsel, IRS Office of Chief Counsel, at 44 (Nov. 6 2013)

Q: Are you aware of any political bias by any IRS Office of Chief Counsel employees against conservative views?
A: No. IRS is a very apolitical workplace.
Q: Have you seen any evidence that Lois Lerner used her position within the IRS to target Tea Party groups?
A: I have not seen that.
Q: Have you seen any evidence that Lois Lerner acted in a biased manner against Tea Party organizations or other conservative groups?
A: No.⁹⁹

Q: Do you have any reason to believe that the White House directed the screening, consolidation, or coordinated review of advocacy cases?
A: No.
Q: Did you ever receive direction from anyone in the White House about the advocacy cases?
A: No.
Q: Did anyone ever tell you that they had received direction from the White House about the advocacy cases?
A: No.¹⁰⁰

Q: Has former Commissioner Shulman ever directed you to target Tea Party organizations or subject Tea Party organizations to a higher level of scrutiny than other applicants?
A: No.
Q: Has former Commissioner Miller ever directed you to target Tea Party organizations or subject Tea Party organizations to a higher level of scrutiny than other applicants?
A: No.
Q: Has anyone at the IRS ever directed you to target Tea Party organizations or subject Tea Party organizations to a higher level of scrutiny than other applicants?
A: No.
Q: Prior to the publication of the TIGTA report, had you ever communicated with anyone from the Treasury Department, outside of the IRS, about the advocacy cases?
A: No.
Q: Have you ever received direction from someone in the Treasury Department, outside of the IRS, about actions that should be taken concerning the advocacy cases?

⁹⁹ *Id.* at 45.

¹⁰⁰ *Id.* at 46.

A: No.¹⁰¹

28. Commissioner of the Tax-Exempt and Government Entities Division, until December 2010, Internal Revenue Service—Washington, D.C.

The Commissioner of the Tax Exempt and Government Entities Division until December 2010 stated that she was not aware of the Tea Party group of applications while she was the Division Commissioner.¹⁰² She told the Committee that she had no reason to believe that the White House was involved in the screening of tax-exempt applications or that the screening was politically motivated:

Q: In your tenure at the IRS, has anyone ever asked to you target or hinder the President's political enemies?

A: No, sir, never.

Q: In your tenure at the IRS, have you ever used your position to help the President win reelection?

A: No, sir.

Q: To target or hinder the President's political enemies?

A: No, sir.

Q: At any time in your, I think you said, 31 years of service at the IRS, have you treated organizations differently because of their political views?

A: Not to my knowledge, and I certainly hope not.

Q: Now, with respect to your time functioning as the Commissioner of TEGE, were any of your actions during that tenure between, I think you said, mid-2009 or December 2010 motivated by your political views?

A: Not at all.

Q: Were any of your actions during your tenure as the functioning Commissioner of TEGE or any of your actions regarding the so-called advocacy or Tea Party cases motivated by your political beliefs?

A: I would like to clarify that I've never acted based on any personal beliefs, political or otherwise.¹⁰³

Q: Did anyone in the White House ever directly or indirectly instruct you to treat Tea Party organizations differently than other tax-exempt—or other applicants with tax-exempt status?

¹⁰¹ *Id.* at 48.

¹⁰² House Committee on Oversight and Government Reform, Interview of Commissioner of the Tax-Exempt and Government Entities Division, until December 2010, Internal Revenue Service, at 64 (Sept. 23, 2013).

¹⁰³ *Id.* at 62-63.

- A: I don't recall ever having any conversation with the White House at any time about cases.
- Q: Now, based on your personal knowledge, do you have any reason to believe that the White House directed the screening, consolidation or coordinated review of the group of cases that are now under inquiry by this committee?
- A: I don't know of any conversation about any actual cases.
- Q: Did anyone ever tell you that the White House directed their activities related to these cases?
- A: Nobody told me that.¹⁰⁴

- Q: Now, did anyone at the IRS ever tell you that their actions regarding these cases that are subject to inquiry of the committee were motivated by their political views?
- A: Nothing that I heard, no.
- Q: By their opinions about the political views of the Tea Party?
- A: No, sir.¹⁰⁵

29. Commissioner of the Tax Exempt and Government Entities Division, December 2010–2013, Internal Revenue Service—Washington D.C.

The Commissioner of the Tax Exempt and Government Entities Division of the IRS from December of 2010 until 2013, described himself as a Democrat who had not engaged in political activity since he joined the IRS. He told the Committee that he had no knowledge of any White House involvement or political motivation regarding the screening of tax-exempt applicants:

- Q: Are you aware of any political bias by Exempt Organization employees against conservative views?
- A: No, I'm not.
- Q: Have you seen any evidence that Lois Lerner used her position within the IRS to target Tea Party groups?
- A: No.
- Q: Have you seen any evidence that Lois Lerner acted in a biased manner against Tea Party organizations or other conservative groups?
- A: No.
- Q: Based on your experience working at the IRS, did you see any evidence of an attempt to, quote, "target the President's political enemies"?
- A: No.
- Q: Do you have any reason to believe that the White House directed the screening, consolidated or coordinated review of (c)(3) and (c)(4) applicants with indicators of political activity?

¹⁰⁴ *Id.* at 69.

¹⁰⁵ *Id.* at 64-65.

A: No.¹⁰⁶

Q: Has anyone from the Treasury Department outside of IRS ever directed you to target Tea Party organizations or subject Tea Party organizations to a higher level of scrutiny than other applicants?

A: No.

Q: Have you ever directed anyone to target Tea Party organizations or subject Tea Party organizations to a higher level of scrutiny than other applicants?

A: No.¹⁰⁷

Q: Were any of your actions as Commissioner of TEGE motivated by your political views?

A: None.

Q: Were any of your actions regarding (c)(3) and (c)(4) applicants with indicators of political activity motivated by your political views?

A: No, none.¹⁰⁸

**30. Chief of Staff to the Commissioner, 2008-2012, Internal Revenue Service—
Washington, D.C.**

The Chief of Staff to the Commissioner of the IRS from 2008 to 2012 was a self-identified Democrat who had no role in the 501(c)(4) application review and approval process. He told the Committee that he had no knowledge of any White House involvement or political bias in the 501(c)(4) application review process:

Q: Do you have any reason to believe that the White House directed the screening, consolidation, or coordinated review of the advocacy cases?

A: No, I do not.

Q: Did you ever receive direction from anyone in the White House about the advocacy cases?

A: No, I did not.

Q: Did anyone ever tell you that they have received direction from the White House about the advocacy cases?

A: No.¹⁰⁹

¹⁰⁶ House Committee on Oversight and Government Reform, Interview of Commissioner of the Tax Exempt and Government Entities Division, December 2010–2013, Internal Revenue Service, at 50 (Sept. 25, 2013).

¹⁰⁷ *Id.* at 54.

¹⁰⁸ *Id.* at 49.

Q: Did you take any action as chief of staff for the IRS Commissioner or executive director of strategy of organizational development concerning the advocacy cases that was motivated by your political views?

A: No.

Q: Did you take any action as chief of staff for the IRS Commissioner or executive director of strategy of organizational development concerning the advocacy cases motivated by your opinions about the political views of the Tea Party?

A: No.

Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their political views?

A: No.

Q: Did anyone at the IRS ever tell you that their actions recording the advocacy cases were motivated by their opinions about the political views of the Tea Party?

A: No.

Q: Are you aware of any IRS employee who has a political bias against conservative views that has impacted their work in any way?

A: Not that I recall.¹¹⁰

Q: Have you seen any evidence that Ms. Lerner used her position within the IRS to target Tea Party groups?

A: Again, no, I don't recall seeing anything.

Q: Have you seen any evidence that Ms. Lerner acted in a biased manner against Tea Party organizations or other conservative groups?

A: Again, no, I don't recall seeing anything.¹¹¹

**31. Chief of Staff to the Commissioner, 2012-2013, Internal Revenue Service—
Washington, D.C.**

The Chief of Staff to the Acting Commissioner from 2012 to 2013 is a registered Independent. She told the Committee she was not aware of the issues relating to Tea Party applications until February of 2012, at which point she helped to coordinate the IRS's internal response, which included being briefed on the findings of the former Senior Technical Advisor to the Division Commissioner's internal review.¹¹² She told the Committee that she saw no

¹⁰⁹ House Committee on Oversight and Government Reform, Interview of Former Chief of Staff, Internal Revenue Service, at 53 (Nov. 21, 2013).

¹¹⁰ *Id.* at 49-51.

¹¹¹ *Id.* at 52.

¹¹² House Committee on Oversight and Government Reform, Interview of Chief of Staff to the Commissioner, 2012-2013, Internal Revenue Service, at 39 (Oct. 22, 2013).

evidence of White House involvement or political motivation in the screening of tax-exempt applications:

Q: Do you have any reason to believe that the White House directed the screening, consolidation, or coordinated review of these advocacy cases?

A: No.

Q: Did anyone in the White House ever give you any direction or instruction regarding the processing of these advocacy cases?

A: No.

Q: Did anyone ever tell you that someone in the White House had given them direction or instruction regarding the processing of these advocacy cases?

A: No.

Q: Did anyone in the Treasury Department, separate and apart from the IRS, ever give you any direction or instruction regarding these advocacy cases?

A: No.

Q: Did anyone ever tell you that someone in the Treasury Department had given them directions or instructions regarding the processing of these advocacy cases?

A: No.¹¹³

Q: Were any of your actions related to these advocacy cases that we have been discussing motivated by your personal political views?

A: No.

Q: Were any of your actions regarding these advocacy cases motivated by your opinions about the political views of the Tea Party?

A: No.¹¹⁴

Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their political views?

A: No.

Q: By their opinions about the political views of the Tea Party?

A: No.

Q: Do you have any reason to believe that Lois Lerner's actions related to the advocacy or Tea Party cases were motivated by bias against conservative views?

A: No.

Q: Do you have any reason to believe that Mr. Miller's actions related to the advocacy of Tea Party cases was motivated by bias against conservative views?

A: No.

¹¹³ *Id.* at 45-46.

¹¹⁴ *Id.* at 43-44.

Q: Are you aware of any political bias by employees in the Cincinnati office against conservative views?

A: No.

Q: Are you aware of any political bias by employees of the EO Technical unit of the IRS against conservative views?

A: No.¹¹⁵

32. Commissioner, 2008-2012, Internal Revenue Service—Washington, D.C.

Douglas Shulman was appointed to be the Commissioner of the IRS by then-President George W. Bush in 2008, and he served in that position until his term expired in 2012. He told the Committee that he is registered as an Independent. Mr. Shulman had no role in the 501(c)(4) application review and approval process. Once concerns about the treatment of Tea Party applicants were brought to his attention in 2012, the Commissioner asked his Deputy Commissioner, Steven Miller, who had substantive experience as the former Commissioner of the Tax Exempt and Government Entities Division, to lead the IRS's internal efforts to address the concerns. He told the Committee that he was unaware of any attempt by the White House to use the IRS to target President Obama's political enemies:

Q: Based on your experience working at the IRS, have you seen evidence of an attempt to, quote, "target" the President's political enemies?

A: No.¹¹⁶

Q: Did you take any action as commissioner of the IRS concerning the advocacy cases that were motivated by your political views?

A: No.

Q: Did you take any action as commissioner of the IRS concerning the advocacy cases motivated by your opinions about the political views of the Tea Party?

A: No.

Q: Do you recall anyone at the IRS telling you that their actions regarding the advocacy cases were motivated by their political views?

A: No.¹¹⁷

Q: Are you aware of any outside influence, meaning outside of the IRS, on the IRS's treatment of the advocacy cases?

¹¹⁵ *Id.* at 44.

¹¹⁶ House Committee on Oversight and Government Reform, Interview of Commissioner, 2008-2012, Internal Revenue Service, at 60 (Dec. 4, 2013).

¹¹⁷ *Id.* at 57-58.

A: Not that I'm aware of.¹¹⁸

33. Deputy Commissioner for Services and Enforcement and Acting Commissioner—Washington, D.C.

In his role as the Deputy Commissioner for Services and Enforcement, Steven Miller was the career official who served as the Acting Commissioner of the IRS after Commissioner Shulman left in 2012. He oversaw the IRS's internal response to reports that inappropriate criteria were being used, which included an effort to eliminate the backlog of cases. He is a registered Democrat. He told the Committee that he saw no evidence of any White House involvement or political bias in the treatment of the Tea Party applicants:

Q: Did you, at any point in time, direct anyone in the IRS to target Tea Party or advocacy cases?

A: No.

Q: Do you have any reason to believe that the White House directed the screening consolidation or coordinated review of advocacy cases?

A: No reason to believe that.

Q: Any reason to believe that the White House directed targeting of Tea Party groups?

A: No reason to believe that.

Q: Did anyone in the White House ever give you any direction or instruction regarding the screening consolidation or coordinated review of the advocacy cases?

A: No.

Q: Did anyone ever tell you that someone in the White House had ever given them any direction with respect to the advocacy cases?

A: No.¹¹⁹

Q: You stated earlier that you've never been a political appointee within the IRS?

A: Right.

Q: Were any of your actions regarding these advocacy cases motivated by your personal political views?

A: Absolutely not.

Q: Were any of your actions regarding these advocacy cases motivated by your opinions about the political views of the Tea Party?

A: Absolutely not.¹²⁰

¹¹⁸ *Id.* at 61.

¹¹⁹ House Committee on Oversight and Government Reform, Interview of Deputy Commissioner for Services and Enforcement and Acting Commissioner, Internal Revenue Service, at 66-67 (Nov. 13, 2013).

¹²⁰ *Id.* at 64.

Q: Did anyone at the IRS ever tell you that their actions regarding the advocacy cases were motivated by their political views?

A: No.

Q: By their opinions about the political views of the Tea Party?

A: No.

Q: Do you have any reason to believe that Ms. Lerner's actions related to the advocacy or Tea Party cases were motivated by bias against conservative views?

A: I have no reason to believe that.

Q: Do you have any reason to believe that [the Commissioner of TEGE's] actions related to the advocacy or Tea Party cases were motivated by a bias against conservative views?

A: I have no reason to believe that.

Q: Do you have any reason to believe that Mr. Shulman's actions related to the advocacy or Tea Party cases were motivated by bias against conservative views?

A: No reason to believe that.

Q: Do you have any reason to believe that Mr. Wilkins, the chief counsel of the IRS, that his actions related to the advocacy cases or the guide sheet were motivated by bias against conservative views?

A: No reason to believe that.

Q: Are you aware of any political bias by employees in the Cincinnati office of the IRS against conservative views?

A: I am not aware of any.

Q: Are you aware of any political bias by employees of the EO Technical office against conservative views?

A: I am not aware of that, either.

Q: Are you aware of any political bias by employees in the IRS Office of Chief Counsel against conservative views?

A: I'm not aware of any.

Q: Based on your experience working at the IRS, did you see any evidence that the decisions made by IRS employees with respect to the advocacy or Tea Party cases was based on an attempt to target the President's political enemies?

A: I do not believe that was the case. And based on my knowledge of, and my years of service, that's not the way the service operated.¹²¹

34. **Attorney Advisor, Office of Tax Policy, Department of the Treasury—
Washington, D.C.**

An Attorney Advisor in the Office of Tax Policy told the Committee that she was responsible for working with the IRS on regulations, guidance, and other matters of tax policy, but that she had no role in the IRS's 501(c)(4) application review process. She has served in this

¹²¹ *Id.* at 64-66.

role since 2010 and did not report any political affiliation. She told the Committee that she saw no evidence that Treasury regulations and guidance were impacted by political bias:

- Q: During your tenure in the Treasury Department, have you seen any evidence that any IRS official used the guidance process to adversely or disproportionately impact Tea Party groups?
- A: From a tax policy perspective, it's important for the tax laws to be ones that are fair to all similarly-situated taxpayers, and I don't know of any situations where that would not be the goal.
- Q: So you haven't seen any evidence from any Treasury Department officials—or that any Treasury Department officials used the guidance process to adversely affect Tea Party groups?
- A: In my experience, no.
- Q: Have you seen any evidence that anyone at the White House used the guidance process to adversely affect Tea Party groups?
- A: I don't have any such evidence, no.¹²²

- Q: Have any of your actions during your tenure at the Treasury Department been motivated by bias against the Tea Party?
- A: No. Not to my knowledge, no.
- Q: Did anyone at the Treasury Department ever tell you that their actions were motivated by bias against the Tea Party?
- A: I've never heard anyone say that, no.
- Q: During your tenure at the Treasury Department, did you see any evidence of a directive for the IRS to, quote, target the president's political enemies?
- A: To the best of my recollection, I've never seen any evidence of a directive to target anyone.¹²³

**35. Assistant Secretary for Tax Policy, Department of the Treasury—
Washington, D.C.**

Mark Mazur was appointed by President Obama to be the Assistant Secretary for Tax Policy at the Department of the Treasury in 2012. He told the Committee that he is a registered Independent who had no role in the IRS's 501(c)(4) application review process. He was asked by the Acting Commissioner Steven Miller to review a draft copy of the TIGTA audit report.¹²⁴ He told the Committee that he never received direction from the White House or Treasury officials to target Tea Party organizations applying for tax-exempt status:

¹²² House Committee on Oversight and Government Reform, Interview of Attorney Advisor, Office of Tax Policy, Department of the Treasury, at 53 (Feb. 3, 2014).

¹²³ *Id.* at 48.

¹²⁴ House Committee on Oversight and Government Reform, Interview of Assistant Secretary for Tax Policy, Department of the Treasury, at 81-82 (Jan. 16, 2014).

Q: Did you ever receive direction from the President to target Tea Party groups applying for tax-exempt status?
A: No.
Q: Have you ever felt that, based on any public or private statements by the President, that he wanted the Treasury Department to target Tea Party applications for tax-exempt status?
A: No.
Q: Did you ever receive direction from anyone in the White House to target Tea Party groups applying for tax-exempt status?
A: No.
Q: Have any of your actions during your tenure at the Treasury Department been motivated by bias against the Tea Party?
A: No.
Q: Did anyone at the Treasury Department ever tell you that their actions as a Treasury Department employee were motivated by bias against the Tea Party?
A: To the best of my recollection, no.¹²⁵

Q: Did Secretary Geithner direct you to target applications for tax-exempt status from Tea Party groups?
A: No.
Q: Did Secretary Lew direct you to target applications for tax-exempt status from Tea Party groups?
A: No.¹²⁶

Q: Did anyone in the White House ever give you any direction regarding the treatment of applications for tax-exempt status from organizations involved in political advocacy?
A: No.
Q: Any direction about the treatment of applications from Tea Party groups?
A: No.
Q: Did anyone in the White House ever directly or indirectly instruct you to treat Tea Party organizations differently than other applications for tax-exempt status?
A: No.
Q: Did you ever have any conversation with anyone in the White House regarding how IRS personnel should process pending applications for tax-exempt status from Tea Party groups?
A: No.¹²⁷

¹²⁵ *Id.* at 52-53.

¹²⁶ *Id.* at 53-54.

36. Deputy Chief of Staff, Department of the Treasury—Washington, D.C.

The Deputy Chief of Staff to the Secretary of the Treasury, who is not registered to vote and has worked in the Treasury Department since 2011, told the Committee that he had no role in the application review process. He stated that in March of 2013, the Chief of Staff to the Acting IRS Commissioner briefed him on the TIGTA audit, and that she provided him with a draft copy of the audit report before it was released.¹²⁸ He also explained that he had no knowledge of any involvement by the White House or the Secretary of the Treasury in the screening of tax-exempt applications:

Q: [T]o the best of your knowledge, did anyone from the White House direct the IRS to target Tea Party applicants?

A: To the best of my knowledge, no.¹²⁹

Q: Are you aware of the White House directing the IRS to target Tea Party applicants or provide a statement about its treatment of Tea Party applicants prior to the issuance of the draft report through other channels?

A: I have no personal knowledge of the White House in any way directing the IRS with regard to their treatment of Tea Party applicants or 501(c)(4) applicants in general.¹³⁰

Q: Have any of your actions during your tenure at the Treasury Department been motivated by bias against the Tea Party?

A: None of my actions have been motivated by bias against the Tea Party.

Q: Did anyone at the Treasury Department ever tell you that their actions have been motivated by bias against the Tea Party?

A: I don't recall anyone ever telling me that their actions were motivated by bias against the Tea Party.¹³¹

Q: Did Chief of Staff [] direct you to target applications for tax-exempt status from Tea Party groups for unwarranted scrutiny?

¹²⁷ *Id* at 55.

¹²⁸ House Committee on Oversight and Government Reform, Interview of Deputy Chief of Staff, Department of the Treasury, at 21-22 (Feb. 11, 2014).

¹²⁹ *Id.* at 40.

¹³⁰ *Id.* at 41

¹³¹ *Id* at 44.

A: Neither Secretary Lew, Secretary Geithner, nor [Chief of Staff] ever gave me instructions to target Tea Party groups for scrutiny.¹³²

37. Chief of Staff, 2009-2013, Department of the Treasury—Washington, D.C.

The former Chief of Staff to the Treasury Secretary, who served in this role from 2009 to 2013 and is a Democrat, had no role in the application review process. In 2013, he was briefed on the existence of the audit by the Inspector General, and he received a draft copy of the report before its release.¹³³ He explained to the Committee that he is unaware of any bias in the Treasury Department against Tea Party groups, and that he never acted out of such bias himself. He also told the Committee that he had no knowledge of any White House involvement in the IRS's treatment of applications for tax-exempt status:

Q: Have any of your actions during your tenure at the Treasury Department been motivated by bias against the Tea Party?

A: No.

Q: Did anyone at the Treasury Department ever tell you that their actions were motivated by bias against the Tea Party?

A: No.

Q: During your tenure at the Treasury Department, did you see any evidence of a directive for the IRS to, quote, "target the President's political enemies"?

A: No.

Q: Did you see any evidence that any Treasury Department official used their position to target President Obama's political enemies?

A: No.

Q: Did you direct anyone at the IRS or the Treasury Department to target applications for tax-exempt status from Tea Party groups for unwarranted scrutiny?

A: No.

Q: Did Secretary Geithner direct you to target applications for tax-exempt status from Tea Party groups for unwarranted scrutiny?

A: No.

Q: Did Secretary Lew direct you to target applications for tax-exempt status from Tea Party groups for unwarranted scrutiny?

A: No.¹³⁴

¹³² *Id.* at 45-46.

¹³³ House Committee on Oversight and Government Reform, Interview of Chief of Staff, 2009-2013, Department of the Treasury, at 71 and 34 (Feb. 4, 2014).

¹³⁴ *Id.* at 63-64.

- Q: Did anyone in the White House ever give you any direction regarding the treatment of applications for tax-exempt status from Tea Party organizations?
- A: No.
- Q: Did anyone in the White House ever directly or indirectly instruct you to treat Tea Party organizations differently than other applicants for tax-exempt status?
- A: No.
- Q: Did you ever have any conversations with anyone in the White House regarding how IRS personnel should process applicants for tax-exempt status from Tea Party groups?
- A: No.
- Q: Did you ever have any conversations with anyone in the White House regarding how Treasury Department personnel should treat Tea Party groups applying to the IRS for tax-exempt status?
- A: No.
- Q: Do you have any reason to believe that the White House directed the screening, consolidation, or coordinated review of applicants for tax-exempt status from Tea Party groups?
- A: No.
- Q: Did anyone ever tell you that the White House directed their activities related to applications for tax-exempt status from Tea Party groups?
- A: No.¹³⁵

38. Chief of Staff, 2013-Present, Department of the Treasury—Washington, D.C.

The Chief of Staff to the Secretary of the Treasury is a self-identified Democrat who has served in his current role since 2013, and he previously served as the Treasury Department's Deputy General Counsel. He told the Committee that he had no role in the application review process. He also stated that he had no knowledge of any White House involvement or political bias in the IRS's screening of applications for tax-exempt status:

- Q: At any point at any time during your government service, did you ever receive direction from the President to target Tea Party groups applying for tax-exempt status?
- A: I have never received such direction from the President of the United States.
- Q: At any point at any time during your government service, have you ever received direction from anyone in the White House to target Tea Party groups applying for tax-exempt status?
- A: I have never received any such direction.
- Q: Have any of your actions during your tenure in government been motivated by bias against the Tea Party?
- A: No, none of my actions in government have ever been motivated by any such bias.¹³⁶

¹³⁵ *Id.* at 66-67.

Q: In your tenure at the Treasury Department, have you seen any evidence of a directive for the IRS to target the President's political enemies?

A: During my tenure at the Treasury Department, I have never seen any such evidence.

Q: In your tenure at the White House, have you seen any evidence of a directive for anyone in government service to target the President's political enemies?

A: During my time at the White House, I do not recall, I do not believe I have ever seen evidence of any such behavior.¹³⁷

Q: Have you ever used the guidance process in order adversely or disproportionately impact Tea Party organizations?

A: No, I have not. I must say, I am not sure what you mean by using the guidance process, but I've never done anything, you know, to achieve the effect that you described.

Q: Okay.

A: Including anything in connection with administrative actions or guidance.

Q: During your tenure in the Treasury Department, have you seen any evidence that any government official has used the administrative or regulatory processes within the Treasury Department to adversely impact Tea Party organizations?

A: So, during my time at Treasury Department, I do not recall and I do not believe I have ever seen any such evidence.¹³⁸

Q: Do you recall anyone telling you at any point that the White House had provided instructions regarding how the IRS should handle the pending release of the TIGTA audit report?

A: I don't recall, and I don't believe that the White House ever provided any instructions regarding this matter.¹³⁹

¹³⁶ House Committee on Oversight and Government Reform, Interview of Chief of Staff, 2013-present, Department of the Treasury, at 52-53 (Mar. 27, 2014).

¹³⁷ *Id.* at 53-54.

¹³⁸ *Id.* at 58.

¹³⁹ *Id.* at 73.

39. General Counsel, Department of the Treasury—Washington, D.C.

The General Counsel of the Treasury Department, an Obama Administration appointee who is a Democrat, had no role in the application review process. He told the Committee that he had no knowledge of White House involvement or political motivation in the screening of applications for tax-exempt status:

- Q: Did you ever receive direction from the President to target Tea Party groups applying for tax-exempt status?
- A: Absolutely not.
- Q: Did you ever receive direction from anyone in the White House to target Tea Party groups applying for tax-exempt status?
- A: Absolutely not.
- Q: Have any of your actions during your tenure at the Treasury Department been motivated by bias against Tea Party or other conservative groups?
- A: Absolutely not.
- Q: Did anyone at the Treasury Department ever tell you that their actions were motivated by bias against the Tea Party or conservative groups?
- A: No.
- Q: During your tenure at the Treasury Department, did you see evidence of a directive for the IRS to, quote, “target the President’s political enemies”?
- A: No.
- Q: Did you see any evidence that any Treasury Department official used their official position to target President Obama's political enemies?
- A: No.
- Q: Did you direct anyone at the IRS or the Treasury Department to target applications for tax-exempt status from Tea Party groups for unwarranted scrutiny?
- A: No.
- Q: Did Secretary Geithner ever direct you to target applications for tax-exempt status from Tea Party groups for unwarranted scrutiny?
- A: No.
- Q: Did Secretary Lew ever direct you to target applications for tax-exempt status from Tea Party groups for unwarranted scrutiny?
- A: No.¹⁴⁰
- ***
- Q: Have you ever used the guidance process in order to adversely or disproportionately impact Tea Party groups?
- A: No.

¹⁴⁰ House Committee on Oversight and Government Reform, Interview of General Counsel, Department of the Treasury, at 57-58 (Feb. 26, 2014).

Q: During your tenure in the Treasury Department, have you ever seen any evidence that any IRS official used the guidance process to adversely or disproportionately affect Tea Party groups?

A: No.

Q: Have you ever seen any evidence that any Treasury Department official used the guidance process to adversely or disproportionately affect Tea Party groups?

A: No.¹⁴¹

¹⁴¹ *Id.* at 61.