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ASIA AND THE PACIFIC

June 25, 2013

The Honorable J. Russell George
Treasury Inspector General for Tax Administration
U.S. Department of the Treasury
1401 H Street, NW, Suite 469
Washington, DC 20005

Dear Inspector General George:

I am writing to request additional information in light of recent reports that the Internal Revenue Service (IRS) utilized the identifier "Progressives" on certain "Be On the Look Out" (BOLO) lists used to screen tax-exempt applications for further review and the recent verification by the Democratic staff of the House Committee on Ways and Means that the list of 298 organizations reviewed by the Treasury Inspector General for Tax Administration (TIGTA) contained liberal organizations.

These new revelations are troubling and raise serious questions in regard to the thoroughness, fairness, and accuracy of the TIGTA final audit report, *Inappropriate Criteria Were Used to Identify Tax-Exempt Applications for Review* (Reference Number: 2013-10-053). I am particularly troubled by your response to my questions at the May 22, 2013, Committee on Oversight and Government Reform (OGR) hearing, where you were testifying under oath, and it appears your answers to my questions were at best incomplete, if not misleading:

Mr. Connolly: Mr. George, again I'm looking at your report, and there's a pie chart I want to make sure I understand. Here's the pie chart, and we're focused particularly on conservative groups, and of course, I think all of us feel as Americans, irrespective of your political beliefs, nobody, should be targeted ... you know ... in the proper exercise of their right to express themselves politically. Now you've got a pie chart with 298 ... is that 298 cases you looked at, is that right?

Mr. George: That is correct.

Mr. Connolly: Now if I'm reading this right, 72 cases had the name tea party in them, is that right?

Mr. George: That is correct.

Mr. Connolly: 11 had 9/12, is that right?

Mr. George: That is correct.

Mr. Connolly: 13 had Patriots, correct?

Mr. George: Correct sir.

Mr. Connolly: But 202 are listed as "other" – were those all conservative groups, or could some of them have been progressive groups?

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Mr. George: We were unable to make that determination sir, because in many instances the names were neutral, in that you couldn't necessarily attribute it to one particular affiliation or another.

As I noted above, the group of 202 "other" cases that you confirmed to me TIGTA "looked at" but could not make a determination as to whether some of them could have been progressive groups, did in fact contain liberal organizations. In addition, it appears that TIGTA was, or should have been, aware that IRS was also processing cases using the "Progressives" identifier. However, your answer to my question at the May 22 OGR Committee hearing, "But 202 are listed as "other" – were those all conservative groups, or could some of them have been progressive groups?" failed to mention, or even hint at, these facts.

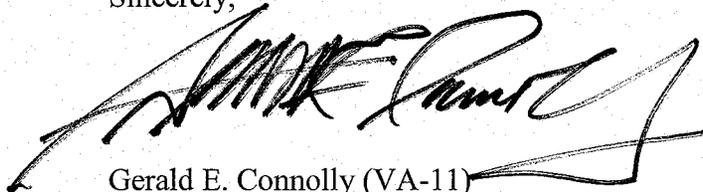
Rather, your response, "We were unable to make that determination sir, because in many instances the names were neutral, in that you couldn't necessarily attribute it to one particular affiliation or another," implied that TIGTA had reviewed these 202 "other" cases and concluded that they were so neutral it could not be determined whether they were progressive. Further, your answer omitted any reference to the presence of the "Progressives" identifier in certain IRS BOLO lists, which would seem to lend credence to the possibility that some of the groups contained in the "other" category could have been classified as progressive groups.

TIGTA has long been viewed as a credible, independent, and non-partisan source of information for Members interested in improving IRS management. I fear that your answers to my questions when testifying under oath at the May 22 hearing – which feature glaring omissions that paint a misleading picture of the nature of TIGTA's audit and IRS operations – threaten TIGTA's well-earned reputation.

Therefore, I respectfully request that you promptly respond to this letter to address why you were not more forthcoming in your response to my hearing questions, and to provide detailed explanations of the process TIGTA utilized to "look at" the 298 cases, including how TIGTA concluded that it could not determine whether liberal organizations were included in the group of 202 "other" cases.

I am also interested in precisely how and when TIGTA learned that IRS used BOLO lists containing the "Progressives" identifier, and that the group of 202 "other" cases included liberal organizations. Finally, please include an explanation of why TIGTA chose not to notify me of these facts upon learning of them, especially in light of our May 22 exchange at the OGR Committee hearing, where you were testifying under oath.

Sincerely,



Gerald E. Connolly (VA-11)
Ranking Member
Subcommittee on Government Operations
Committee on Oversight and Government Reform

CC:

The Honorable Jacob J. Lew
Secretary of the Treasury
U.S. Department of the Treasury

The Honorable Daniel I. Werfel
Principal Deputy Commissioner &
Deputy Commissioner for Services and Enforcement
Internal Revenue Service
U.S. Department of the Treasury