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June 24, 2013

J. Russell George
Inspector General for Tax Administration
1401 H Street, NW
Suite 469
Washington, DC 20005

Dear Inspector General George:

I request that you promptly address several critical issues relating to your organization's recent audit of the use by the Internal Revenue Service ("IRS") of "inappropriate criteria" to process tax-exemption applications. This audit culminated in the issuance by your organization of a report titled *"Inappropriate Criteria Were Used to Identify Tax-Exempt Applications for Review"* on May 14, 2013. In this report, you specifically noted that the inappropriate criteria used by the IRS included the terms "Tea Party", "9/12", and "Patriots" for the purpose of identifying exemption applications for further scrutiny. You also stated in your report that the first "Be On the Look Out" ("BOLO") list was created in August 2010 and contained the "Tea Party" criteria.

Attached are the BOLO lists that have been provided to the Ways and Means Committee by the IRS. The BOLO lists have been redacted in accordance with 26 U.S.C. § 6103. Specifically, the BOLO lists contain the following entries:

BOLO List Date	Category Name	Issue Description
August 2010*	Progressives	Political activities. Common thread is the word "progressive." Activities appear to lean toward a new political party. Activities are partisan and appear anti-Republican. You see references to

BOLO List Date	Category Name	Issue Description
November 2010*	<i>Progressives</i>	<i>Political activities. Common thread is the word "progressive." Activities appear to lean toward a new political party. Activities are partisan and appear anti-Republican. You see references to "blue" as being "progressive."</i>
February 2011*	<i>Progressives</i>	<i>Same as above.</i>
March 2011*	<i>Progressives</i>	<i>Political activities. Common thread is the word "progressive." Activities appear to lean toward a new political party. Activities are partisan and appear anti-Republican. You see references to</i>
February 2012	<i>Progressives</i>	<i>Political activities. Common thread is the word "progressive." Activities appear to lean toward a new political party. Activities are partisan and appear anti-Republican. You see references to "blue" as being "progressive."</i>
June 2012	<i>Progressives</i>	<i>Same as above.</i>
July 2012	<i>Progressives</i>	<i>Same as above.</i>

The BOLO lists dated August 2010, November 2010, February 2011, and March 2011 (indicated above with an "**") also contain the "Tea Party" criteria. While your report notes that the "Tea Party" criteria had been removed from the BOLO list in July 2011, it failed to note that the "Progressives" criteria was not removed until April 2013.

As you will see from an examination of the BOLO lists, the term "Progressives" is used as an identifier in the BOLO lists that you reviewed when conducting your audit.

In outlining the overall objective of the audit, TIGTA wrote that it sought to "determine whether allegations were founded that the IRS targeted specific groups applying for tax-exempt status." Please describe in detail why your report dated May 14, 2013 omitted the fact that "Progressives" was used. Did you investigate whether the criteria "Progressives" in the BOLO lists was developed in the same manner as you did for "Tea Party"? If not, why? Please also explain why footnote 16 on page 6 was included in the audit report.

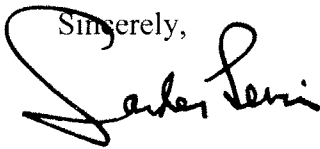
If your organization overlooked the existence of the "Progressives" identifier, please describe in detail the process by which your organization investigated the BOLO lists created and circulated by the EO Determinations Unit.

Your report states that TIGTA “reviewed all 298 applications that had been identified as potential political cases as of May 31, 2012.” (*See page 10 of your report.*) Your report includes the following breakdown of the potential political cases by organization name: (1) 96 were “Tea Party”, “9/12”, or “Patriots” organizations; and (2) 202 were “Other.” Why did your report not identify that liberal organizations were also included among the 298 applications you reviewed? Why did your testimony before the Committee on Ways and Means, the Oversight and Government Reform Committee, and the Senate Finance Committee not include a discussion of this aspect of the 298 applications? In the course of your audit, what did you discover about the processing of cases with the “Progressives” identifier? Were the cases processed in the same manner as the cases with the “Tea Party” and associated terms identifiers? Or were they processed differently?

If you are now auditing or investigating the processing of tax-exemption applications with the “Progressives” identifier, please provide the date that you started the audit or investigation and documentation to support this assertion. We also would like to know if you have briefed and alerted anyone at the IRS or Department of Treasury of such audit or investigation.

The American public expects competent, impartial, unbiased, and non-political treatment from the IRS. That same standard is also applicable to you and your organization. Your audit served as the basis and impetus for a wide range of Congressional investigations and this new information shows that the foundation of those investigations is flawed in a fundamental way.

Please respond to this letter by July 8, 2013. In addition, I have asked Chairman Camp to schedule your prompt appearance before our Committee to answer questions on the glaring omissions in audit as discussed above.

Sincerely,

Sander Levin
Ranking Member