



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release

Friday, Jan. 5, 2007

Grassley Urges Effective Implementation of New IRS Whistleblower Provisions

WASHINGTON – Sen. Chuck Grassley, outgoing chairman of the Committee on Finance, today urged the Treasury Department to implement new Internal Revenue Service whistleblower incentive improvements as effectively as possible. Last December, Grassley won enactment of his proposal to make the whistleblower program more effective in cracking down on tax cheats and collecting taxes owed to the Treasury. Today he asked the Treasury secretary to keep him informed of all developments in the implementation of the improvements and asked Treasury and IRS officials to attend a bipartisan Finance Committee roundtable on this provision on Monday, Feb. 5, at 2 p.m.

Grassley is the lead Senate author of the 1986 whistleblower amendments strengthening the federal False Claims Act and is a strong proponent of encouraging whistleblowers to identify fraud against the government.

The text of Grassley's letter to Treasury Secretary Henry Paulson follows here.

January 5, 2007

The Honorable Henry Paulson
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Secretary:

I am writing to you regarding a matter of great personal interest to me – whistleblowers. I have long championed the work of whistleblowers and am proud that legislation I sponsored several years ago – the False Claims Act – has translated into recovering well over \$10 billion in fraudulent spending by the federal government.

It is for these reasons that I am especially pleased that the "Extension of Tax Relief Act of 2006" signed into law recently by the President contains important legislation that provides the Treasury Department the potential to similarly benefit from the work of whistleblowers.

While the statute provides significant guidelines based on the success of the False Claims Act, there are still requirements for the Secretary of the Treasury to issue guidance within one year to help ensure the success of this legislation. I would appreciate your informing me of the guidance that Treasury and the Internal Revenue Service (IRS) are planning or considering issuing in this area; the timing for that guidance; and, the individuals responsible. In addition, please inform me of what steps are being taken in response to the recent Treasury Inspector General for Tax Administration (TIGTA) report and findings on the whistleblower office.

In addition, I would ask what steps Treasury is taking to inform the general public about the new whistleblower rewards program. Under current procedure, IRS instructs employees not to solicit informants to provide information in exchange for a reward. While this may make sense for information regarding individuals not covered by this legislation, it is important that there be broad public knowledge of this legislation. I appreciate your informing me of what changes will be made in this matter and also steps to publicize this rewards program.

I am especially concerned about who will be responsible for administering the new Whistleblower Office created by this legislation. It is important that the individual selected to head the office has a commitment to this program and energy and experience to make sure the potential of this legislation to bring billions of dollars into the treasury is fully realized. I appreciate your keeping me fully informed of the selection criteria and process. My hope is that capable leadership can quickly be put in place. I also would appreciate your views on the location of the Whistleblower Office within the IRS. Given the intent of the legislation to create an independent office and the focus on large cases, I would suggest the location of the current office should be revisited.

The Finance Committee will be having a bipartisan roundtable on this provision on February 5th, at 2:00 p.m. I would ask that those responsible for this new program at Treasury, IRS and the TIGTA attend this roundtable. We want to have an informed dialogue with all interested parties about this new provision. I'm confident this roundtable will assist the Treasury and IRS in their work.

Thank you for your time and attention to this matter.

Cordially yours,

Charles E. Grassley
Chairman

cc: Ranking Member Baucus