

## MEMORANDUM

To: Reporters and Editors  
From: Sean Neary for Finance Committee Chairman Max Baucus (D-Mont.) and Antonia Ferrier for Ranking Member Orrin Hatch (R-Utah)  
Date: Friday, August 2, 2013  
Re: Finance Committee IRS Interim Investigation Update

Today, Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Orrin Hatch (R-Utah) released an Interim Investigation Update of their bipartisan investigation into targeting by the Internal Revenue Service (IRS) of organizations applying for tax-exempt status.

**““In May, we launched a comprehensive, bipartisan investigation into a report that the IRS used inappropriate screening terms to review tax-exempt applications. Our investigation remains dedicated to one goal: getting to the truth to ensure this never happens again. Many groups saw their applications delayed for unacceptable amounts of time, while being subjected to inappropriate levels of scrutiny,”** Baucus and Hatch said today. **“To date, our investigators have interviewed 14 employees from both the IRS’ Washington, DC and Cincinnati offices, as well as other impacted individuals, and reviewed over 21,000 pages of documents. While we are encouraged with some of the changes within the agency since our investigation began, the IRS needs to be more cooperative in providing us with the documents needed to fully carry out this investigation. Furthermore, we are not prepared to make any final conclusions until our investigation is completed. Doing so would undermine our ability to get to the truth and effectively address the problems within the IRS that led to these abusive practices.”**

On May 14, 2013, the Treasury Inspector General for Tax Administration (TIGTA) released a report that found that, “The IRS used inappropriate criteria that identified for review Tea Party and other organizations applying for tax-exempt status based upon their names or policy positions instead of indications of potential political campaign intervention.”

In response, the Finance Committee launched a bipartisan investigation, including a hearing on May 21 with former IRS Commissioner Douglas Shulman, then-Acting IRS Commission Steven Miller, and TIGTA Russell George testifying before the Committee. On May 20, Baucus and Hatch sent a detailed, 41 question document request to the IRS as part of the investigation. On May 15, President Obama requested the resignation of Steven Miller as acting head of the agency, replacing him with Daniel Werfel.

The Senate Finance Committee IRS Interim Investigation Update can be found [HERE](#) and below:

SENATE FINANCE COMMITTEE IRS INTERIM INVESTIGATION UPDATE

### BACKGROUND

On May 20, 2013, Senators Baucus and Hatch sent a detailed, 41 question document request to the Internal Revenue Service (IRS) on behalf of the Senate Finance Committee (Committee) requesting information about the alleged targeting by the IRS of conservative organizations applying for tax-exempt status. That letter marked the beginning of a bipartisan investigation by the Committee into the IRS’ activities related to the review of tax-exempt applications and related issues raised by the Treasury Inspector General for Tax Administration (TIGTA) in their May 14, 2013, report. It has now been two

months since the Committee began its investigation into these issues and this document provides a status update on those efforts to date.

## **FACT FINDING EFFORTS**

### ***Interviews***

Thus far, the Committee has conducted 14 interviews with IRS employees from both the Cincinnati, Ohio and Washington, D.C. offices. These have included front-line employees who process the cases, interim-level supervisors who help facilitate workload distribution and make decisions about what cases are assigned where, and higher-level management officials and legal specialists who were involved in determining what issues warranted further scrutiny and should get additional levels of review. The individuals interviewed thus far are: Cindy Thomas, Holly Paz, Justin Lowe, Hilary Goehausen, Carter Hull, Joseph Herr, Steve Bowling, Ron Shoemaker, Ronald Bell, Jack Koester, Gary Muthert, Donald Spellman, Judith Kindell, and Michael Seto. These interviews have helped provide critical information about the daily operations of the tax exempt organizational groups within IRS and identified numerous areas for additional follow up for the investigators. Many more interviews are planned and will be ongoing through the fall.

In addition to the IRS staff, Committee investigators have also interviewed numerous impacted individuals who submitted applications or were involved in the application process for tax-exempt entities.

### **Document Production and Review**

As noted above, the Committee sent a very detailed document request letter to the IRS on May 20, 2013. To date, the IRS has provided approximately 21,650 pages of documents in response to this letter, they have not provided most of the information requested by the Committee. Specifically, out of the 41 requests in the Committee letter, the IRS has provided complete and satisfactory responses to 18 requests, it has provided incomplete/unsatisfactory responses to 10 requests and it has not provided any response to 13 requests. The outstanding requests contain the bulk of the relevant information including key emails and documents belonging to the relevant decision makers both in the IRS and elsewhere in government. A list of the outstanding information, along with requests for additional documents and materials, have been provided to the IRS and the Committee has stressed that the information needs to be provided as expeditiously as possible in order to allow the investigation to proceed.

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