

- 1) To the best of your knowledge, did any individual or organization outside the IRS influence the creation of criteria targeting applications for tax exemption that mention: 1) the "Tea Party," "Patriots," or the "9/12 Project", 2) government spending, government debt or taxes, 3) education of the public by advocacy/lobbying to "make America a better place to live", or 4) criticizing how the country is being run?
 - A) No, to the best of my knowledge no individual or organization outside the IRS influenced the creation of the criteria on this list.
- 2) To the best of your knowledge, did IRS or Tax Exempt and Government Entities Division management sanction the use of criteria targeting applications for tax exemption that mention: 1) the "Tea Party," "Patriots," or the "9/12 Project", 2) government spending, government debt or taxes, 3) education of the public by advocacy/lobbying to "make America a better place to live", or 4) criticizing how the country is being run?
 - A) When reviewing applications for tax exempt status, as part of TE/GE's effort to promote compliance with the Internal Revenue Code, experienced career employees watch for areas where they believe taxpayer non-compliance may be occurring. When cases involving potentially inappropriate activity start to be identified, EO Determinations alerts its specialists to look out for similar cases. In February 2010 activity in the area of significant spending by 501(c)(4) organizations seeking to influence elections began to increase. To better identify such cases, and to ensure consistent treatment of them, EO specialists and a frontline EO manager created a spreadsheet listing issues for which specialists should be on the lookout, referred to as the BOLO list. This list did include a reference to the Tea Party movement.

As this caseload grew, it received additional management oversight, and, in June, 2011 the Acting Director of EO Rulings and Agreements asked for clarification as to how cases were being screened. The response to this inquiry was that while the BOLO contained only a brief reference to organizations involved with the Tea Party movement, "The following are issues that could indicate a case to be considered a potential 'tea party' case and sent to Group 7822 for secondary screening. 1. 'Tea Party', 'Patriots' or '9/12 Project' is referenced in the case file. 2. Issues include government spending, government debt and taxes. 3. Educate the public through advocacy/legislative activities to make America a better place to live. 4. Statements in the case file that are critical of how the country is being run." The Director of EO was, in turn, briefed on the use of these issues on June 29, 2011, and immediately directed that the BOLO be revised to eliminate any reference to Tea Party organizations, and to use the broader term Advocacy Organizations, which covered all organizations applying for exemption under 501(c)(3) or 501(c)(4) that were involved with significant political, lobbying or advocacy activities. The BOLO was formally revised on July 11, 2011.

On January 25, 2012 the EO Determinations group in Cincinnati again revised the BOLO issue description to refer to "political action type organizations involved in limiting/expanding government, education on the Constitution and Bill of Rights, social economic reform/movement." The explanation for this change was that it was to avoid picking up organizations involved in lobbying since that activity was permissible. Upon learning of this change in April the Director of EO took two actions:

- First, on May 17, 2012, updated the issue description in the BOLO to refer to "501(c)(3), 501(c)(4), 501(c)(5) and 501(c)(6) organizations with indicators of significant amounts of political campaign intervention (raising questions as to exempt purpose and/or excess private benefit). Note: advocacy action type issues (e.g., lobbying) that are currently listed on the Case Assignment Guide (CAG) do not meet this criteria." ; and,
 - Second, directed the Acting Director of EO Rulings and Agreements to implement procedures for updating a BOLO to include TE/GE executive-level approval. On May 17, 2012 the Acting Director of EO Rulings and Agreements issued a memorandum that requires all additions and changes to the BOLO be approved by the manager of the emerging issues coordinator, the EO Determinations Program Manager, and the Director of EO Rulings and Agreements.
- 3) When did you become aware the IRS was targeting applications for tax exemption that mention: 1) the "Tea Party," "Patriots," or the "9/12 Project", 2) government spending, government debt or taxes, 3) education of the public by advocacy/lobbying to "make America a better place to live", or 4) criticizing how the country is being run?
- A) On April 26, 2012 I became aware that, in its effort to identify cases with potentially significant political advocacy, EO Determinations had been using the term "Tea Party" in the BOLO and was, for a period of time, using the four categories identified in this question when implementing the BOLO search.