

**Written Testimony of
Carter Hull
Before the House Oversight and Government Reform Committee
July 18, 2013**

Chairman Issa, Ranking Member Cummings, and members of the Committee:

As of the spring of 2010, I was employed by the IRS as a tax law specialist in Exempt Organizations (“EO”) Technical in Washington, D.C. In April of 2010, I was assigned by my supervisor to work on two applications from Tea Party groups. In that same month, I became aware that a group of Tea Party applications were being held by EO Determinations in Cincinnati. It was my understanding that the applications assigned to me were to be test cases to provide guidance for those other applications. I was also told by my supervisor that I was to coordinate the review of the Tea Party applications that were assigned to Elizabeth Hofacre in Cincinnati.

With respect to the two applications assigned to me, I reviewed the application materials, and I sent out initial development letters to the applicants. When one of those applicants did not respond, the file was closed, and I was assigned another Tea Party application to replace it. As part of my review, I also researched determinations that had been made with respect to previous applications by groups applying for exempt status that had similar indications of potential political activity. Throughout this process, I spoke to my reviewer Elizabeth Kastenbergh about these cases.

At some point, and I do not have a clear memory as to when, I made conclusions as to how the applications assigned to me should be determined, and I subsequently drafted documents stating my recommendations and analysis. (I am constrained from saying more about those applications due to prohibitions regarding the disclosure of taxpayer information.) I discussed

my recommendations with Ms. Kastenberg, and she suggested that I forward the recommendations to Judy Kindell, who was at the time a senior technical advisor to Lois Lerner. I later had a meeting with Ms. Kindell and Ms. Kastenberg in March 2011 at which Ms. Kindell told me to forward my recommendations to the Office of Chief Counsel for their review.

While this process was going on, I also received draft development letters from Ms. Hofacre. In order to assess the appropriateness of the questions that she had drafted for the applications assigned to her, I asked Ms. Hofacre to send me copies of the applications as well. I gave Ms. Hofacre suggestions regarding her letters over the telephone. I also asked her to send me the responses to the letters that she received; however, I was not able to give her guidance on those responses because the review of the test cases assigned to me had not been completed. At some point, I stopped giving Ms. Hofacre feedback regarding draft development letters for the same reason.

During this period of time, at the request of my supervisor, I prepared Sensitive Case Reports on a monthly basis regarding the Tea Party applications. In October 2010, at the request of EO Technical manager Michael Seto, I also wrote a memorandum to EO Director Holly Paz that described the coordination of the Tea Party cases in Cincinnati. I attached a list of all of the Tea Party cases that I had received from Ms. Hofacre.

In the summer of 2011, I recall attending two meetings related to the Tea Party applications. In July 2011, I attended a meeting at which Ms. Lerner, Ms. Paz, Mr. Seto, Ms. Kindell, Ms. Kastenberg, and someone from Chief Counsel's office were present. Ms. Lerner led the meeting, and she instructed everyone that the applications should be referred to as "advocacy" applications and not "Tea Party" applications.

In August 2011, I attended a meeting at which the applications assigned to me were discussed. I recall that Don Spellman, David Marshall, and Amy Franklin from Chief Counsel's Office were at the meeting, as well as tax law specialists Justin Lowe, Hillary Goehausen and Ms. Kastenberg. I recall that Ms. Franklin or someone else from Chief Counsel's Office stated that more current information was needed for my applications and that a second development letter should be sent to the applicants. I also recall a discussion about the creation of a template development letter for the Tea Party applications. I expressed my opinion that a template was not a good idea, as there was a great deal of variance among the groups and each application needed to be developed according to its particular facts and circumstances.

After the August 2011 meeting, the applications assigned to me were transferred to another tax law specialist, Ms. Goehausen. After the applications were transferred, I had no further involvement with respect to the Tea Party applications

Carter Hull Biographical Summary

Carter Hull recently concluded a 48-year career at the Internal Revenue Service. In 1965, Mr. Hull graduated from the University of Maryland with a bachelor's degree in business. That same year, Mr. Hull began his career at the IRS as a revenue officer. In 1966, Mr. Hull left the IRS when he was drafted to serve in Vietnam. In 1967, Mr. Hull returned to the IRS as a revenue officer. In 1975, Mr. Hull joined the office of Exempt Organizations ("EO") Technical in Washington, D.C. as a tax law specialist, a position that he held until his retirement on June 28, 2013. As of 2001, Mr. Hull had achieved the position of a Grade 14 senior tax law specialist.