



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

October 24, 2013

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Issa:

I write in response to your recent letter to Secretary Lew relating to the Committee's investigation of the Internal Revenue Service (IRS)'s evaluation of applications for tax-exempt status under section 501(c)(4) of the Internal Revenue Code. Your letter requested a response by October 2, 2013. As we explained to your staff on that date and thereafter, because of the government shutdown, we were not able to meet that deadline. Nonetheless, Treasury is committed to cooperating with this Committee, along with the three other Congressional committees conducting investigations regarding this matter.

Your letter asks questions about when certain Treasury officials learned of the audit conducted by Treasury Inspector General for Tax Administration Russell George and what Mr. George told those officials. Those questions have already been repeatedly and publicly addressed by Mr. George and Treasury officials in a number of settings, including sworn testimony before a number of Congressional committees, including this Committee. All this testimony is consistent with the excerpted emails referenced in your letter.

As the Treasury Department and Mr. George have said a number of times, Mr. George's standard practice is to inform senior Treasury officials—from time to time and at his initiative—about audits upon which his office is working. Mr. George testified to Congress that he notified Treasury officials in June 2012 that he was beginning an audit regarding Section 501(c)(4) tax-exempt organizations, approximately the same time he initiated the audit. Mr. George testified that he mentioned the fact of the audit, but did not inform Treasury officials of any results or audit findings. Treasury strongly supports the independent oversight of its three Inspectors General, and it does not interfere in ongoing IG audits. As Treasury has also previously stated, Treasury was not made aware of TIGTA's draft audit findings until March 2013.

Your letter notes that Mr. George planned to attend a "Secretary's meeting" at the Treasury Department on June 4, 2012. As Mr. George explained in his testimony before the House Ways and Means Committee on May 17, 2013, "[t]he secretary holds a monthly meeting with the bureau heads." That monthly meeting was scheduled for June 4, 2012, but as Secretary Geithner's publicly-available calendar shows, Secretary Geithner did not attend the meeting that day.

Contrary to the suggestion in your letter, and as Secretary Lew's publicly-available calendar shows, Secretary Lew did not meet with Mr. George on April 17, 2013. Secretary Lew has testified that he first became aware that there was an audit underway on March 15, 2013, when he had a meeting with Mr. George. That meeting took place during Secretary Lew's early weeks at the Treasury Department, and was one of a number of initial introductory meetings. Mr. George raised several items during that meeting, including that there was an audit of 501(c)(4) activity. Secretary Lew testified that he offered his support to Mr. George and committed to take action to fix problems if Mr. George were to find them. Secretary Lew testified that he was not aware of the facts or findings in the audit report before it became public.

Your letter also references a June 13, 2013 joint letter from the Committee on Oversight and Government Reform and the Committee on Ways and Means, which sought documents from Treasury in a number of broad, wide-ranging categories, including a number of categories relating to the evaluation of applications for tax-exempt status. As I noted in my June 27, 2013 letter to the Committees, Treasury is not involved in the details of tax administration and enforcement. Both Committees have made similar requests to the IRS, who is in the best position to produce materials related to your investigation.

The IRS is going to extraordinary lengths to provide information and documents requested by Congress while complying with its legal obligation to keep taxpayer information confidential. Since my June 27 letter, the IRS has provided regular rolling productions of documents specifically requested by Congressional committees, including over 400,000 unredacted pages of documents to those Committees authorized to receive taxpayer-confidential information. The IRS has dedicated more than 150 employees to tasks relating to the production of information and documents to Congressional committees, including Section 6103 disclosure experts tasked with the review for taxpayer-confidential information of every page of the over 80,000 redacted pages of documents produced to your Committee. Indeed, in a September 17 interim update to your Committee on the status of the IRS investigation, your staff noted that the IRS had produced over 67,000 pages since early August.

Treasury remains committed to cooperating with Congress and to working with your staff on this matter. Accordingly, we have identified and enclosed a set of additional materials responsive to the Committees' June 13, 2013 request.

Sincerely,



Alastair M. Fitzpayne
Assistant Secretary for Legislative Affairs

Enclosures

Identical letter sent to:
The Honorable Jim Jordan

cc: The Honorable Elijah E. Cummings
The Honorable Matthew A. Cartwright