

Congress of the United States
Washington, DC 20515

July 24, 2013

Daniel Werfel
Principal Deputy Commissioner
Deputy Commissioner for Services and Enforcement
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Dear Mr. Werfel,

As you know, the Committee on Ways and Means and the Committee on Oversight and Government Reform are conducting an investigation of political targeting by the Internal Revenue Service (IRS). Last month, the Treasury Inspector General for Tax Administration (TIGTA) released an audit report titled, "Inappropriate Criteria Were Used to Identify Tax Exempt Applications for Review." Following that release, and during the Committees' investigation into its findings, several top IRS employees have resigned, been placed on administrative leave, or otherwise been the subject of personnel actions. These include the resignations of Acting Commissioner Steve Miller and Commissioner for the Tax Exempt & Government Entities Division Joseph Grant, the placement on administrative leave of the Director of the Exempt Organizations Division, Lois Lerner, and the recent replacement of Holly Paz as the Director of Rulings & Agreements. Several of these developments have taken place with little or no information provided to Congress.

To assist the Committees in better understanding IRS's actions, we ask that you provide the following information by no later than August 7, 2013:

1. Was Joseph Grant asked to resign and, if so, who requested his resignation and on what grounds?
2. For Holly Paz and Lois Lerner:
 - a. Were these individuals asked to resign and, if so, who requested their resignation and on what specific grounds?
 - b. Do these individuals have access to IRS systems (including electronic mail), documents, or physical property?
 - c. What is their current employment status?; and
 - d. If on paid administrative leave:
 - i. How long has the individual been on paid administrative leave?
 - ii. Is the IRS seeking their removal or suspension?

- iii. Provide all IRS documents or communications relating to each individual's employment with the IRS from May 1, 2013 to the date of this letter; and
 - iv. Federal employment law allows for administrative leave in rare circumstances when an agency determines that an employee's continued presence in the workplace possibly (1) poses a threat to the employee or others; (2) may result in loss of or damage to government property; or (3) would otherwise jeopardize legitimate government interests.¹ The leave may last pending the outcome of any investigation that may result in disciplinary or other adverse action. For Lois Lerner and Holly Paz,
 1. On which ground were they placed on administrative leave?
 2. What is the status of their respective investigations?
 3. What is the anticipated duration of their administrative leave?
 4. What is the cost to the agency for each of these employees on administrative leave?
3. Despite then-Acting IRS Commissioner Steve Miller's concession that the IRS delivered "horrible customer service," the IRS paid employees connected with the targeting performance-based bonuses. Recent press reports have stated you are in negotiations to end the lavish bonus system, which has paid tens of millions in bonuses to employees overall.
- a. Detail the amount of bonuses, both in total and a listing of individual bonuses (identifying information can be redacted), the IRS has paid since January 1, 2010.
 - b. Provide information on all bonuses awarded to Steve Miller, Joseph Grant, Lois Lerner, and Holly Paz during the period of January 1, 2010 through the present.
 - i. Who approved each bonus?
 - ii. When did the individual receive his or her bonus?
 - iii. Why was each bonus merited?
 - c. In your notice to employees, you note that cancelation of bonuses will make it possible to eliminate two planned furlough days. How much money, if any, will the agency save if the IRS is successful in cancelling the \$70 million in bonuses?
4. For the same period, provide information on bonuses paid to all of the individuals named in your June 7, 2013 letter to Chairman Boustany.

¹ See 5 C.F.R. § 752.604(b)(2)(2013).

Mr. Daniel Werfel
July 24, 2013
Page 3

If you have any questions about this request, please contact Chris Armstrong with the Ways and Means Committee Staff at 202-225-5522 or Jennifer Hemingway with the Oversight and Government Reform Committee Staff at 202-225-5074.

Thank you in advance for your cooperation in this matter.

Sincerely,



Dave Camp
Chairman
Committee on Ways and Means



Darrell Issa
Chairman
Committee on Oversight
and Government Reform