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August 12, 2013

Mr. Daniel Werfel
Acting Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Dear Mr. Werfel,

On June 24, 2013, you released the report "Charting a Path Forward at the IRS: Initial Assessment and Plan of Action." Three days later, you testified before the Committee on Ways and Means that it was incumbent upon the IRS to "take swift action to ensure accountability, fix the problems that occurred, and thoroughly examine other aspects of IRS operations." You also stated that you were suspending the "Be on the Lookout List" (BOLO) to reassure Americans that future screening of applications would "be done without regard to specific labels of any kind."

Last week, however, the Committee learned through its investigation that, in fact, screening based on the name of an organization continues today. In a transcribed interview of a Cincinnati-based IRS employee on Thursday, August 1, 2013, the Committee learned that IRS screeners continue to flag certain applications for exempt status for secondary scrutiny on the basis of name alone. The IRS employee explained that based on instruction from a manager, applications with the words "Tea Party" would be referred to secondary screening even if there was no evidence of political activity. The transcript reads as follows:

Q: If you saw – I am asking this currently, if today if a Tea Party case, a group – a case from a Tea Party group came in to your desk, you received the file and there was no evidence of political activity, would you potentially approve that case? Is that something you would do?

A: At this point I would send it to secondary screening, political advocacy.

Q: So you would treat a Tea Party group as a political advocacy case even if there was no evidence of political activity on the application. Is that right?

A: Based on my current manager's direction, uh-huh.

The transcript illustrates that there is remarkable similarity between the instructions given to screeners in 2010 and the direction IRS employees are currently receiving regarding the processing of applications bearing the name Tea Party. In a spreadsheet dated August 12, 2010 produced by the IRS to the Committee, under the heading, "BOLO List," (Be on the Look Out) are instructions to refer all Tea Party organization applications to Group 7822 for secondary screening. Today, according to information obtained by the Committee, those applications are still sent to secondary screening, but now they are sent to Group 7823.


This revelation demonstrates a clear failure of the corrective action you promised. We write to demand that you immediately issue instructions to all IRS employees that applications for exempt status shall not be subjected to higher scrutiny based on organization name or substantive beliefs and provide notice that any such targeting will be subject to discipline and referral to TIGTA for investigation.

We further ask that you report on your corrective action no later than August 16. Thank you in advance for your cooperation. If you have any questions, please contact staff at: (202) 225-5522.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dave Camp".

DAVE CAMP
Chairman

A handwritten signature in blue ink, appearing to read "C.W. Boustany Jr.".

CHARLES BOUSTANY Jr., M.D.
Chairman
Subcommittee on Oversight