

Investigation by IRS

Ohio tea party members remember grilling

By Jack Torry and Jessica Wehrman THE COLUMBUS DISPATCH

WASHINGTON — When Ohio's Liberty Township Tea Party asked the Internal Revenue Service for tax-exempt status as a charitable organization, IRS officials last year in Cincinnati fired back a list of 35 questions.

They wanted to know the organization's relationship with Justin Binik-Thomas, a tea party member in Cincinnati who had never worked with the township organization. They wanted a "list of all the issues that are important to your organization" and "your position regarding each issue."

Questions like those — which IRS officials admitted on Friday were aimed primarily at tea party organizations — have provoked bipartisan outrage on Capitol Hill and have caused considerable heartburn for the tax-collection agency and the Obama administration, which faces accusations that it targeted political foes for extra scrutiny.

An independent investigator for the U.S. Treasury Department concluded in a report released Tuesday that the IRS "used inappropriate criteria" that targeted tea party and other organizations for extra scrutiny based on their names or policy positions rather than whether they were involved in political campaigns.

The Justice Department has launched a criminal probe.

Today, Tim Savaglio, a board member for the Liberty Township Tea Party, will join scores of conservatives from Ohio and across the country on Capitol Hill, where they'll share similar stories of what they see as abuse by the IRS.

While the focus so far has been on 501(c)(4) "social welfare" organizations — which blossomed during the 2010 and 2012 election seasons in part because they gave organizations flexibility to spend money on some political activities without disclosing donors — Savaglio's organization wanted IRS approval to qualify as what is known as a 501(c)(3) charitable organization. The IRS has yet to grant approval.

“We’re an educational group,” Savaglio said. “We don’t have a paid staff. We don’t take stands. We don’t endorse candidates. We don’t man phone banks. We don’t do any of those kinds of political activities.”

In Cincinnati, Binik-Thomas said he was shocked when he found out that the IRS was asking questions about him of a group he barely knew. He’d been involved in the Cincinnati Tea Party — he’d even served as a spokesman — but said he had not worked with the Liberty Township Tea Party.

“The obvious questions that come to your mind are, ‘Why am I targeted amongst all the others?’” Binik-Thomas said. “Where does this information go in the end? Clearly, it’s housed in the IRS, but does it get shared with other government agencies? Do I get an audit? If I do, is it against my business? All of those things go through your mind.”

George Brunemann, a Cincinnati engineering consultant, was audited by the IRS in 2011. He said IRS staff informed him that he was being audited because of his relationship with the Cincinnati Tea Party.

Brunemann said he believes the IRS flagged him and his wife, Nancy, because they dealt with cash flow from a 2010 tea party rally at the University of Cincinnati and put a large deposit in the bank. But the IRS agent’s comments made it clear to them that their affiliation with the tea party put them at risk. He said other tea party officials had warned him of the possibility.

Although the vast majority of independent organizations examined by the IRS tend to be conservative, at least one of Ohio’s most prominent liberal policy groups might have faced similar scrutiny from the IRS. Innovation Ohio, a relatively new group created by some of former

Democratic Gov. Ted Strickland’s top aides, filed for tax-exempt status as a 501(c)(3) organization on Aug. 17, 2011.

Dale Butland, a spokesman for Innovation Ohio, said the IRS’ Cincinnati office sent a letter in February asking for more information before it could rule on the group’s application.

Butland declined to share the letter with The Dispatch but said the IRS asked for information such as the names of Innovation Ohio's donors and amounts of money donated in 2011, names of corporate officers and people sitting on the board of directors, identities of anyone employed by

Innovation Ohio who is a registered lobbyist, the group's lease agreement for its Downtown Columbus office and square footage of its office.

Butland said Innovation Ohio answered the questions, and its status request was approved on May 16, 2012 — nine months after it first applied.

“We didn't have any problem providing the answers to their questions,” Butland said. “At the time, though, we did think, ‘My goodness, they are asking a lot of questions like the name of your donors and this and that.’ Now, in retrospect, from what I can see, apparently they were asking these same questions of lots of organizations.”

Dispatch Reporter Joe Vardon contributed to this story.

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A closer look

WHAT IS A 501(C)(4)?

A 501(c)(4) group is a social-welfare organization as defined by the Internal Revenue Code. Under federal law, it must not be organized for profit and must operate primarily to further the common good and general welfare of the people of the community. Political organizations have also used 501(c)(3) status, which is for charitable purposes.

IS THE INVOLVEMENT OF 501(C) GROUPS IN ELECTIONS NEW?

No. Bill Allison of the Sunlight Foundation traces use of such organizations for political purposes to a 1996 get-out-the-vote effort organized by Democrat Harold Ickes, a senior adviser in the Clinton administration. But recent court decisions have helped pave the way for more groups to apply for tax-exempt status in order to garner donations that aren't publicly disclosed.

ARE 501(C)(4) GROUPS ALWAYS POLITICAL?

No. According to the nonprofit watchdog GuideStar, Columbus 501(c)(4)s include the Rotary Club, the Columbus District Golf Association and the Columbus Italian Club.

WHEN ARE 501(C)(4) ORGANIZATIONS NOT ALLOWED TO INTERVENE IN POLITICAL CAMPAIGNS?

According to the IRS: “The promotion of social welfare does not include direct or indirect participation or intervention in political campaigns on

behalf of or in opposition to any candidate for public office. However, a Section 501(c)(4) social-welfare organization may engage in some political activities, so long as that is not its primary activity.” In general: As long as 51 percent of the work done by the organization is not political, it usually gets a pass.

Source: The IRS and Sunlight Foundation