
From: Sinno Suzanne
Sent: Wednesday, March 27, 2013 8:01 AM
To: Flax Nikole C; Lerner Lois G; Barre Catherine M; Landes Scott S; Amato Amy
Subject: FW: Hearing
Attachments: IRS Invitation to Campaign Finance Hearing.pdf

Please let me know how you want me to proceed on this.

Thanks,
Suzie

From: Griffin, Ayo (Judiciary-Dem) [mailto:Ayo_Griffin@judiciary-dem.senate.gov]
Sent: Tuesday, March 26, 2013 7:44 PM
To: Sinno Suzanne
Subject: Hearing

Hi Suzanne,

I hope you're well. You may recall we met last summer during a couple of very helpful IRS briefings that you put together for staff for several Senators relating to political spending by 501(c)(4) groups.

I wanted to get in touch because Sen. Whitehouse is convening a hearing in the Judiciary Subcommittee on Crime and Terrorism on criminal enforcement of campaign finance law on April 9, which I think you may have already have heard about from Bill Erb at DOJ. One of the topics actually involves enforcement of tax law. Specifically, Sen. Whitehouse is interested in the investigation and prosecution of material false statements to the IRS regarding political activity by 501(c)(4) groups on forms 990 and 1024 under 26 U.S.C. § 7206.

Sen. Whitehouse would like to invite an IRS witness to testify on these issues. Could you please let me know if it would be possible for you to provide a witness?

I sincerely apologize for the late notice. We had been hoping that a DOJ witness could discuss all of the topics that Sen. Whitehouse was interested in covering at this hearing, but we were recently informed that they would not be able to speak about enforcement of § 7206 in this context.

I have attached an official invitation in case you require one two weeks prior to the hearing date (as DOJ does).

Perhaps we can discuss all of this on the phone tomorrow if you have time.

Thanks very much,

Ayo

Ayo Griffin
Counsel
Subcommittee on Crime and Terrorism
Senator Sheldon Whitehouse, Chair
U.S. Senate Committee on the Judiciary

From: Lerner Lois G
Sent: Wednesday, March 27, 2013 12:31 PM
To: Sinno Suzanne; Flax Nikole C; Barre Catherine M; Landes Scott S; Amato Amy
Subject: RE: UPDATE - FW: Hearing

In looking at their testimony though, it's all about criminal prosecution of federal campaign laws--so we're all talking apples and oranges. At the bottom line. in both instances, the issue is whether a particular expenditure was political intervention. Whether there was a false statement or fraud regarding an description of an alleged political expenditure that doesn't say vote for or vote against is not realistic under current law. Everyone is looking for a magic bullet or scapegoat--there isn't one. The law in this area is just hard.

Lois G. Lerner

Director of Exempt Organizations

From: Sinno Suzanne
Sent: Wednesday, March 27, 2013 1:19 PM
To: Flax Nikole C; Lerner Lois G; Barre Catherine M; Landes Scott S; Amato Amy
Subject: UPDATE - FW: Hearing

I just spoke with Ayo. He told me that DOJ said the IRS does the initial investigations into violations of IRC section 7206 (fraud and false statements) and DOJ prosecutes IRS referrals. DOJ said they have not gotten any referrals from the IRS.

The Subcommittee is interested in an IRS witness to testify on:

- the process of an investigation before a case is turned over to DOJ
- how a determination is made
- how different elements of the offense are interpreted under IRC section 7206

Please let me know your thoughts.

Thanks,
Suzie

From: Sinno Suzanne
Sent: Wednesday, March 27, 2013 12:51 PM
To: Griffin, Ayo (Judiciary-Dem)
Subject: RE: Hearing

Ayo,

I do remember meeting with you on 501(c)(4)s last July and I hope you are well too.

Regarding the hearing, this is very short notice and I am not sure that we can properly prepare a witness in time and clear testimony. I will need to check with the subject matter experts and get back to you.

What would be most helpful is if you can tell me specifically what the Subcommittee wants the IRS to address, as we cannot comment on any specific cases/taxpayers. Are there questions that DOJ cannot answer that you want the IRS to answer instead?

From: Lerner Lois G
Sent: Wednesday, March 27, 2013 12:39 PM
To: Flax Nikole C; Sinno Suzanne; Barre Catherine M; Landes Scott S; Amato Amy; Vozne Jennifer L
Subject: RE: UPDATE - FW: Hearing

As I mentioned yesterday--there are several groups of folks from the FEC world that are pushing tax fraud prosecution for c4s who report they are not conducting political activity when they are(or these folks think they are). One is my ex-boss Larry Noble(former General Counsel at the FEC), who is now president of Americans for Campaign Reform. This is their latest push to shut these down. One IRS prosecution would make an impact and they wouldn't feel so comfortable doing the stuff.

So, don't be fooled about how this is being articulated --it is ALL about 501(c)(4) orgs and political activity

Lois G. Lerner

Director of Exempt Organizations

From: Flax Nikole C
Sent: Wednesday, March 27, 2013 1:31 PM
To: Sinno Suzanne; Lerner Lois G; Barre Catherine M; Landes Scott S; Amato Amy; Vozne Jennifer L
Subject: RE: UPDATE - FW: Hearing

thanks - this is helpful. Can we regroup internally before we get back to the Hill?

So sounds like their interest in 7206 is not 501c4 specific?

From: Sinno Suzanne
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- how different elements of the offense are interpreted under IRC section 7206

Please let me know your thoughts.

Thanks,
Suzie

From: Flax Nikole C
Sent: Thursday, May 09, 2013 8:04 AM
To: Lerner Lois G
Cc: Grant Joseph H; Marks Nancy J; Vozne Jennifer L
Subject: RE: DOJ Call

I think we should do it – also need to include CI, which we can help coordinate. Also, we need to reach out to FEC. Does it make sense to consider including them in this or keep it separate?

From: Lerner Lois G
Sent: Wednesday, May 08, 2013 5:30 PM
To: Flax Nikole C
Cc: Grant Joseph H; Marks Nancy J
Subject: DOJ Call
Importance: High

I got a call today from Richard Pilger Director Elections Crimes Branch at DOJ. I know him from contacts from my days there. He wanted to know who at IRS the DOJ folks could talk to about Sen. Whitehouse idea at the hearing that DOJ could piece together false statement cases about applicants who "lied" on their 1024s --saying they weren't planning on doing political activity, and then turning around and making large visible political expenditures. DOJ is feeling like it needs to respond, but want to talk to the right folks at IRS to see whether there are impediments from our side and what, if any damage this might do to IRS programs.

I told him that sounded like we might need several folks from IRS. I am out of town all next week, so wanted to reach out and see who you think would be right for such a meeting and also hand this off to Nan as contact person if things need to happen while I am gone --

Thanks

Lois G. Lerner
Director of Exempt Organizations

From: Lerner Lois G
Sent: Tuesday, February 05, 2013 2:03 PM
To: Flax Nikole C
Subject: RE: call from levin staff

I just need to look at it when I get a second

Lois G. Lerner

Director of Exempt Organizations

From: Flax Nikole C
Sent: Tuesday, February 05, 2013 2:29 PM
To: Lerner Lois G
Subject: FW: call from levin staff

[let me know when you have something - thanks](#)

From: Barre Catherine M
Sent: Tuesday, February 05, 2013 2:22 PM
To: Flax Nikole C
Subject: call from levin staff

Levin staff called me and called treasury about the c4 letter. Told treasury Levin would raise it tomorrow in his meeting. Told me he wants to know where the response is.

I told them folks are working it but I don't have a timeline but I would get back to them when I had a feel for expected response time.