



The Internal Revenue Circus

Over A Week Later, Obama's IRS Scandal – And The Administration's Reaction To It – Gets More Troubling By The Day

THE WEEK IS HARDLY HALFWAY OVER – HOW MANY OTHER SHIFTING STORIES WILL THERE BE IN THE UNFOLDING IRS SCANDAL?

National Journal's Ron Fournier: "Shifting Stories Cast Doubts On Answer To Core Question: Did Team Obama Know About IRS Abuse In Real Time?" (Ron Fournier, "Why You Can't Trust The White House (Even If Nobody's Lying)," [National Journal](#), 5/21/13)

- ***"In Politics, As In Life, When You Constantly Change Your Story, Even On Small Matters, You Sow Doubt About Your Credibility And Competence."*** "And yet the revelations cost the Obama White House some measure of credibility. In politics, as in life, when you constantly change your story, even on small matters, you sow doubt about your credibility and competence. In different ways, each of the so-called Obama scandals revolve around the issue of trust (as I wrote here, here, here, here, and here). The president's greatest asset is his credibility. If this pattern of spinning and shifting stories continues, it could become a liability." (Ron Fournier, "Why You Can't Trust The White House (Even If Nobody's Lying)," [National Journal](#), 5/21/13)

MONDAY: Politico Headline: "The White House's Shifting IRS Account." (Reid J. Epstein, "The White House's Shifting IRS Account," [Politico](#), 5/20/13)

- ***Politico: "Monday's Revelation Amounts To The Fifth Iteration Of The Obama Administration's Account Of Events, After Initially Saying That The White House Had First Learned Of The Controversy From The Press."*** "The White House on Monday once again added to the list of people who knew about the IRS investigation into its targeting of conservative groups — saying White House chief of staff Denis McDonough had been informed about a month ago. Press secretary Jay Carney said again that no one had told President Barack Obama ahead of the first news reports: not his top aide McDonough, nor his chief counsel Kathy Ruemmler, nor anyone from the Treasury Department. Monday's revelation amounts to the fifth iteration of the Obama administration's account of events, after initially saying that the White House had first learned of the controversy from the press." (Reid J. Epstein, "The White House's Shifting IRS Account," [Politico](#), 5/20/13)
- ***The Washington Post: "The White House Offered A New Account Monday Of How And When It Learned That The Internal Revenue Service Had Improperly Targeted Conservative Groups."*** "The White House offered a new account Monday of how and when it learned that the

Internal Revenue Service had improperly targeted conservative groups, saying that some senior officials were informed of the findings but that President Obama was not. The assertions came as the White House struggled to contain a political uproar over the IRS, which targeted conservative organizations for extra scrutiny, as well as over the administration's aggressive pursuit of journalists in leak investigations and its handling of the deadly attacks in Benghazi, Libya, in September." (Zachary A. Goldfarb And Juliet Eilperin, "White House Knew IRS Probe Findings Earlier," [The Washington Post](#), 5/20/13)

- ***The Associated Press: The White House Expanded "The Circle Of Top Officials Who Knew Of The Audit Beyond Those Named Earlier."*** "White House chief of staff Denis McDonough and other senior advisers knew in late April that an impending report was likely to say the IRS had inappropriately targeted conservative groups, President Barack Obama's spokesman disclosed Monday, expanding the circle of top officials who knew of the audit beyond those named earlier." (Charles Babington and Julie Pace, "More Obama Aides Knew Of IRS Audit," [The Associated Press](#), 5/20/13)
- ***The New York Times: "The Details Released By Mr. Carney On Monday Went Beyond A Previous White House Account."*** "The details released by Mr. Carney on Monday went beyond a previous White House account, and may provide more fodder for critics pressing to understand what and when the president and his team knew about the misconduct." (Peter Baker And Jonathan Weisman, "White House Says It Didn't Loop Obama In On I.R.S. Inquiry," [The New York Times](#), 5/20/13)

TUESDAY: *Politico* Headline: "White House IRS Timeline Shifts Again." (Reid J. Epstein, "White House IRS Timeline Shifts Again," [Politico](#), 5/21/13)

- ***Politico: "The White House's Explanation Of What It Knew About The Investigation Into The IRS's Scrutiny Of Conservative Political Groups And How It Planned For The Eventual Release Of That Information Shifted Once Again Tuesday."*** "The White House's explanation of what it knew about the investigation into the IRS's scrutiny of conservative political groups and how it planned for the eventual release of that information shifted once again Tuesday. Just a day after telling reporters that chief of staff Denis McDonough had learned of the situation nearly a month ago, press secretary Jay Carney revealed that White House officials had consulted with the Treasury Department on how to make public the findings." (Reid J. Epstein, "White House IRS Timeline Shifts Again," [Politico](#), 5/21/13)
- ***The Hill: Jay Carney's Revelation About The Involvement Of The White House In The Planned Release Of IRS Information Marked "The Latest Shift In The White House's Official Line On The Matter."*** "The White House said Tuesday that senior officials took part in discussions over how the IRS would disclose its targeting of conservative groups, marking the latest shift in the White House's official line on the matter. Press secretary Jay Carney told reporters that Mark Childress, the deputy chief of staff, spoke twice with Treasury Department officials about the IRS's public relations strategy." (Bernie Becker, Justin Sink And Peter Schroeder, "White House, Treasury Discussed How To Handle Disclosure Of IRS Story," [The Hill](#), 5/21/13)

TUESDAY: *Huffington Post* Headline: "IRS Commissioner Contradicts Earlier Testimony, Says Tea Party-Targeting Was Partisan." (Jon Ward, "IRS Commissioner Contradicts Earlier Testimony, Says Tea Party Targeting Was Partisan," [Huffington Post](#), 5/21/13)

- ***Acting Commissioner Steven Miller Shifted His Story On Whether The IRS's Targeting Was A Partisan Act, Admitting Under Questioning That "It Absolutely Was."*** "The head of the Internal Revenue Service on Tuesday, in his second day of sworn testimony before congressional committees, admitted under questioning that the agency's targeting of tea party groups was a partisan act. 'It absolutely was,' said Steven Miller, acting commissioner of the IRS, when asked by

Sen. Richard Burr (R-N.C.) if the agency acted in a partisan manner. Miller had said in his opening statement to the Senate Finance Committee that the targeting was ‘not an act of partisanship.’ The question of whether the IRS personnel who targeted tea party groups acted in a partisan way has implications for whether they broke laws such as the Hatch Act, which forbids government employees from engaging in partisan political activity.” (Jon Ward, “IRS Commissioner Contradicts Earlier Testimony, Says Tea Party Targeting Was Partisan,” [Huffington Post](#), 5/21/13)

WITH ALL THE REVELATIONS THIS WEEK, IS IT ANY WONDER THAT LOIS LERNER PLANS TO PLEAD THE FIFTH?

Today, Lois Lerner, The Head Of The Division Responsible For Overseeing Tax Exempt Organizations, Will Invoke The Fifth Amendment And Refuse To Testify On What Went On At The IRS Under Her Watch. “A top IRS official in the division that reviews nonprofit groups will invoke the Fifth Amendment and refuse to answer questions before a House committee investigating the agency’s improper screening of conservative nonprofit groups. Lois Lerner, the head of the exempt organizations division of the IRS, won’t answer questions about what she knew about the improper screening – or why she didn’t reveal it to Congress, according to a letter from her defense lawyer, William W. Taylor 3rd. Lerner was scheduled to appear before the House Oversight committee Wednesday.” (Richard Simon and Joseph Tanfani, “Top IRS Official Will Invoke Fifth Amendment,” [Los Angeles Times](#), 5/21/13)

- **CNBC’s John Harwood: The Fact That Lerner Is Pleading The Fifth “Is Probably The Worst Possible Outcome From The White House Point Of View.”** CNBC’s JOHN HARWOOD: “Now, Maria, we’ve just gotten late word that Lois Lerner, the IRS official who’s going to testify tomorrow before a House Committee, plans to plead the Fifth Amendment. This is probably the worst possible outcome from the White House point of view, because the Inspector General had said, he did not see evidence of criminality in this scandal, but when she stands there, takes the Fifth and says ‘to protect myself against self-incrimination, I’m not going to answer your question,’ that is the last thing the White House wants to see on television tomorrow.” (CNBC’s [Closing Bell](#), 5/21/13)

Lerner’s Excuse For The Increased Interest In 501(c)(4)Groups “Appears To Be A Red Herring.” “The clumsy way the IRS disclosed the issue, as well as Lerner’s press briefing by phone, were seen at the time as a public relations disaster. But even so, it is worth reviewing three key statements made by Lerner and comparing them to the facts that have since emerged. ‘But between 2010 and 2012, we started seeing a very big uptick in the number of 501(c)(4) applications we were receiving, and many of these organizations applying more than doubled, about 1500 in 2010 and over 3400 in 2012.’ Lerner made this comment while issuing a seemingly impromptu apology at an American Bar Association panel. (It was later learned that this was a planted question — more on that below.) In her telling, the tax-exempt branch was simply overwhelmed by applications, and so unfortunate shortcuts were taken. But this claim of ‘more than doubled’ appears to be a red herring. The targeting of groups began in early 2010, after the Supreme Court’s decision in *Citizens United v. FEC* was announced on Jan. 21.” (Glenn Kessler, “A Bushel Of Pinocchios For IRS’s Lois Lerner,” [The Washington Post’s The Fact Checker](#), 5/20/13)

Lerner Misrepresented When She Found Out That The IRS Was Targeting Conservative Organizations. “I think you guys were reading the paper as much as I was. So it was pretty much we started seeing information in the press that raised questions for us, and we went back and took a look.’ Here, Lerner suggests that she found out about this issue only when news reports appeared in February and March 2012 about tea party groups complaining that they were being targeted. But the IG timeline shows this claim to be false. According the IG, Lerner had a briefing on the issue on June 29, 2011, in which she was told about the BOLO (‘Be On the Look Out’) criteria that included words such as

'tea party' or 'patriots.' The report says she raised concerns about the wording and "instructed that the criteria be immediately revised." (Glenn Kessler, "A Bushel Of Pinocchios For IRS's Lois Lerner," [The Washington Post's The Fact Checker](#), 5/20/13)

Lerner Also Misrepresented Her Role In Releasing The Details To The Public, As She Failed "To Take The Opportunity To Disclose The Results Of The Probe" Two Days Before The ABA Conference. "I don't believe anyone ever asked me that question before.' This was Lerner's excuse during the media call for why she had not publicly addressed the issue before. But in congressional testimony Friday, outgoing acting director Steven T. Miller said he had talked with Lerner about arranging to make a statement at a May 10 conference sponsored by the American Bar Association, knowing that the IG report would soon be released. Lerner then contacted a friend, Celia Roady, a tax attorney with the Washington firm Morgan Lewis, to get her to ask a question about the targeting, according to a statement by Roady on Friday. (Roady had previously denied this was a planted question when asked directly by participants at the meeting.) So Lerner was dissembling when she suggested that a simple well-aimed question prompted the disclosure. In fact, just two days before the ABA conference, Lerner appeared before Congress and was asked by Rep. Joseph Crowley (D-N.Y.) about the status of investigations into 501(c)(4) groups." (Glenn Kessler, "A Bushel Of Pinocchios For IRS's Lois Lerner," [The Washington Post's The Fact Checker](#), 5/20/13)

- **"Small Wonder That [Rep.] Crowley Is Now Calling For Her To Resign, Saying That Lerner Lied To Him."** "She provided a bland answer about a questionnaire on the IRS Web site, failing to take the opportunity to disclose the results of the probe. (The clip is embedded below, with the question coming at 5:09.). Small wonder that Crowley is now calling for her to resign, saying that Lerner lied to him." (Glenn Kessler, "A Bushel Of Pinocchios For IRS's Lois Lerner," [The Washington Post's The Fact Checker](#), 5/20/13)