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The Committee on Ways and Means

Bipartisan Agreement: IRS Treated Americans Unfairly

Members Urge IRS, DOJ to Review Civil Asset Forfeiture Policies and Cases, Return Wrongly Seized Funds

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The Ways and Means Oversight Subcommittee, chaired by Rep. Peter Roskam (R-IL), today held its second hearing (<http://waysandmeans.house.gov/chairman-roskam-announces-hearing-on-protecting-small-businesses-from-irs-abuse-part-ii/>) on the Internal Revenue Service's (IRS) current use of civil asset forfeiture policies and its past practice of seizing legally-earned funds from Americans. The agency previously took money from innocent small business owners, many of whom were forced to forfeit their hard earned dollars to the government without any opportunity for recourse.

Members on both sides of the aisle stood united on the need for the IRS and Department of Justice (DOJ) to fix the problems with civil asset forfeiture policies and return wrongly seized assets to victims of the IRS's abuse of power.

As Chairman Roskam said (<http://waysandmeans.house.gov/roskam-opening-statement-oversight-subcommittee-hearing-protecting-small-businesses-irs-abuse-part-ii/>):

*"This is our Subcommittee's second hearing this Congress on the IRS's use of its civil asset forfeiture authorities. During our hearing last year, we heard testimony about how **the IRS has used a law that's meant to help catch drug runners and terrorists to instead punish farmers and small business owners ... That's unethical, it's wrong, and it's happened in more than one case.**"*

During the first panel, Members heard from local business owners about their experiences with the IRS's abuse of its civil asset forfeiture policies. As Calvin Taylor (<http://waysandmeans.house.gov/wp-content/uploads/2016/05/20160525OS-Taylor-Testimony.pdf>), who operates a family-owned farm on the Eastern Shore of Maryland, described, the IRS seized his family's assets just weeks before his daughter's wedding. After being coerced by federal lawyers to forfeit his funds despite his innocence, Taylor recalled:

*"I had **no choice but to agree to the DOJ and IRS keeping our legally earned money**. I faced potential criminal charges for crimes I did not know I had committed, but that a U.S. Prosecutor had nonetheless threatened to bring against me ... The potential cost of defending myself was astronomical, and it greatly exceeded our family's resources. Settling was an obvious and sensible business decision in the circumstances, made **under duress in order to avoid prosecution** and potentially, a long jail term."*

Taylor added:

*"I think **what the DOJ and IRS did to my family was reprehensible ... with all the illegal activity going on — such as drug dealing, human trafficking, and terrorist financing — the DOJ and IRS should have better things to do than stealing legally earned money from hardworking taxpayers.**"*

As Randy Sowers (<http://waysandmeans.house.gov/wp-content/uploads/2016/05/20160525OS-Sowers-Testimony.pdf>), who also owns a local farm, explained, the IRS improperly seized his family's money and forced him to settle the case, forfeiting 50 percent of the \$60,000 that had been taken. He said:

*"**We were scared to death to think they could throw my wife in jail** for depositing money into the bank."*

When Mr. Sowers answered calls from the media about his case, the government punished him for exercising his First Amendment right to share his side of the story. After submitting into the record emails from a DOJ attorney who condemned Mr. Sowers for speaking to the press, Rep. Jason Smith (R-MO) said:

“It’s absolutely unacceptable. It’s absolutely ridiculous. And no American should ever be treated that poorly by their government in any situation.”

The stories by Mr. Sowers and Mr. Taylor are not unique. Today, there are more than 600 pending cases involving individuals and families who have been forced to forfeit their assets even though they have not been proven guilty of any crimes.



(http://waysandmeans.house.gov/wp-content/uploads/2016/05/IMG_6773.png) *Law-abiding citizens who became victims of IRS abuse testify before members of the Oversight Subcommittee.*

Rep. Mike Kelly (R-PA) likened the IRS’s practices to extortion or “a shakedown.” He said:

“The issue that we are talking about today **should be a national outrage** ... it is stunning to me the **arrogance of the IRS.**”

During the second panel, Members heard from IRS Commissioner John Koskinen, IRS Chief for Criminal Investigation Richard Weber, and DOJ Criminal Investigation Deputy Assistant Attorney General Kenneth Blanco about the steps the IRS and DOJ have taken to address the misuse of the civil asset forfeiture policies.

As Rep. Pat Meehan (R-PA) pointed out to the agency leaders, more than \$43 million have been seized from American business owners who do not have a record of criminal activity. He said:

*"We have before **no criminal suspicion, assets that have been seized, 618 cases.** What is being done to look at the cases for those 618 cases? Because ... **justice delayed is justice denied.** We are looking at years of delay for some of these individuals."*

The witnesses were unable to answer the question but promised to report back to the Subcommittee how they were reviewing and resolving these cases.

After receiving vague answers from Mr. Blanco and Commissioner Koskinen about when the IRS and DOJ will fix the problems with these policies, Chairman Roskam concluded:

*"[Your non answer] is not good enough. **It's obtuse. It's evasive. It's condescending.** Not to us. But it's condescending to these people [who have been victims] ..."*

*"We **are all together in thinking [the agencies] are the problem,** and the [small business owners] are the good guys ... if this was one of your kids or one of my kids, we would be scandalized, we would be outraged, and this wouldn't happen ..."*

*"To **the Taylors and to the Sowers, we are sticking with you.** You reflect a larger group and we are going to do our best to make sure that a coequal branch of government is held to account for what we think is an abuse."*

For more information about today's hearing, click here (<http://waysandmeans.house.gov/event/39841744/>) .