



FEDERAL BUREAU OF INVESTIGATION

Date of entry 06/14/2013

LOIS G. LERNER, Internal Revenue Service (IRS) Director of Exempt Organizations (EO), born [redacted] social security account number [redacted] home telephone number [redacted] residing at [redacted] was interviewed in the offices of the Treasury Inspector General for Tax Administration (TIGTA), located at 1401 H Street NW, Washington, D.C. 20005, on June 5, 2013, at approximately 4:00 P.M. EST. LERNER was accompanied and represented by her attorneys, [redacted] from ZUCKERMAN SPAEDER LLP, 1800 M Street NW, Suite 1000, Washington, D.C. 20036, telephone number [redacted]

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b7C -2,3,4

b6 -1,4
b7C -1,4

Those present for the interview were FBI Special Agent (SA) [redacted] TIGTA Special Agent [redacted] and Assistant United States Attorney (AUSA) [redacted]

b6 per CRM
b7C

After being advised of the identities of the interviewing Agents and AUSA, SA [redacted] provided LERNER and her attorneys with TIGTA Form OI 8115, Attorney Representation Agreement, for review. LERNER and her attorneys signed and dated the form, as witnessed by Special Agents [redacted] and [redacted]

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b7C -1,4

SA [redacted] then read aloud TIGTA Form OI 5320, Non-Custodial Advisement of Rights, and provided the form to LERNER for review. At approximately 4:10 P.M., LERNER signed and dated the form, as witnessed by Special Agents [redacted] AUSA [redacted] reiterated to LERNER that the interview was voluntary and she could stop the interview or leave at any time. LERNER acknowledged that she understood. The original Attorney Representation Agreement and Non-Custodial Advisement of Rights will be maintained in a 1A envelope and made part of the FBI case file.

b6 per CRM
b7C

LERNER then voluntarily provided the following information:

LERNER started with the IRS in 2001 as the Director of Rulings and Agreements. In 2006, she was promoted to the Director of EO, and has remained in this position until just recently, when she was placed on leave. As Director of EO, LERNER oversaw the great majority of the

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by [redacted]

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Tax-Exempt Organization work, which encompassed three functions: audit and examinations; customer education; and rulings and agreements. The following individuals reported directly to LERNER:

- HOLLY PAZ, Director of Rulings and Agreements
- NANETTE DOWNING, Director of Exams
- MELANIE PARTNE, Director of Customer Education
- [REDACTED] Senior Technical Advisor
- [REDACTED] Senior Technical Advisor
- [REDACTED] Senior Technical Advisor
- [REDACTED] Administrative and Budgeting
- [REDACTED] Project Manager

b6 -3
b7C -3

LERNER also had an executive assistant.

LERNER reported directly to the Deputy Commissioner of Tax-Exempt Government Entities (TEGE), who in turn reported to the Commissioner of TEGE. [REDACTED] was the Acting Deputy Commissioner and JOSEPH GRANT was the Acting Commissioner. Both [REDACTED] and GRANT have been in their respective positions since at least 2010. Prior to GRANT, the Commissioner was SARAH HULL INGRAM, who left the position to assist with the Affordable Care Act.

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b7C -3

Concerning the Rulings and Agreements function, ROB CHOI was the Director until LERNER recommended him for the position of Director of Employee Plans. When CHOI left, HOLLY PAZ became Acting Director. When Paz went out on [REDACTED] was Acting Director. PAZ then came back as Acting Director, and was later made the permanent Director of Rulings and Agreements. LERNER could not recall the timeline of these events.

b6 -3
b7C -3

Concerning the Tax-Exempt Applications audit, LERNER has no memory of being formally interviewed by the auditors, and no memory of refusing to be interviewed by auditors.

LERNER's EO programs have been audited by TIGTA more than ten times since she has been Director of EO. At one point, LERNER recalled having four audits running at the same time. Prior to LERNER being put on leave, she recalled only one audit taking place after the Tax-Exempt Applications audit. This audit was on-going when she left.

LERNER stated that, in general, the audits all worked the same way. LERNER summarized that there would be an Opening Letter from TIGTA, then a meeting between TIGTA and the Director of the function being audited,

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followed by the audit, the draft audit report, and the final audit report.

[REDACTED] was the point person for TIGTA audits. For each audit, LERNER was asked to assign a point person from her program.

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b7C -3

For the Tax-Exempt Applications audit, LERNER remembers discussing the first draft of the audit report, which was an informal back-and-forth with the auditors. They had another discussion after the final audit report. This was the usual process. LERNER recalled a couple of conversations about specific disagreements concerning the treatment of certain applications, namely those that should not have been in further development. These conversations included two auditors - one was [REDACTED] [REDACTED] and other was guy whose name LERNER could not recall.

LERNER also had meetings with [REDACTED] as well as his boss, because LERNER did not feel that the auditors understood the issue. LERNER commented that nothing is concrete or black and white with 501(c)4 applications.

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LERNER had one more meeting with [REDACTED] boss about verbiage in the audit report that she thought was inflammatory. LERNER does not recall being asked to put her concerns in writing, but she wrote it up anyway.

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b7C -3

LERNER was then asked if she had any concerns or objections talking to the auditors specifically related to the Tax-Exempt Applications audit. In addition, she was asked if the interview was voluntary. LERNER stated that it was regular business and part of her job to meet with the auditors. She had no concerns because she did not think that she had anything to say that would get her into trouble. The interview was voluntary in the context that it was her job. She could not say to the auditors that she did not want to talk as she could have been disciplined. She re-iterated that it was part of her job. LERNER did find it odd and unusual that the auditors asked for her responses to some questions in writing. Some of the questions were unusual.

At approximately 4:37 P.M., LERNER stated that she was uncomfortable with this line of questioning, and therefore, requested that she speak to her attorneys in private. Agents and AUSA [REDACTED] stopped the interview, [REDACTED] left the conference room. At approximately 4:39 P.M., [REDACTED] asked the Agents and AUSA [REDACTED] to return the conference room and continue the interview of LERNER, which they did.

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b7C b7C -3,4

LERNER was again asked if she had any concerns or objections talking to the auditors specifically related to the Tax-Exempt Applications audit, and if the interview was voluntary. LERNER stated that she had no objection to meeting with the auditors, and no concerns. The interview was voluntary and no one told LERNER that she would lose her job if she did not participate

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in the interview. LERNER confirmed that these statements applied to all her contacts with the auditors concerning the Tax-Exempt Applications audit.

LERNER had no role in setting up the employee interviews, including any subordinates. LERNER does not know if any of her direct reports or their subordinates were interviewed by the auditors.

LERNER did not sit in on any employee interviews with auditors.

LERNER was asked about her knowledge of what employees told the auditors. LERNER stated that she does not recall having a discussion with any employee regarding their interview with auditors, but it could have happened and it would not have been unusual.

LERNER recently heard from a member of Congress that managers were sitting in on employee interviews with auditors; however, LERNER does not remember anyone, including managers, sitting in on any employee interviews with the auditors.

At approximately 4:47 P.M., LERNER stated that she again needed to speak to her attorneys in private. Agents and AUSA [REDACTED] stopped the interview. LERNER and her attorneys then left the conference room. At approximately 4:48 P.M., LERNER and her attorneys returned to the conference room and the interview continued.

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LERNER recalled a meeting in Deputy Commissioner STEVE MILLER's office where MILLER mentioned someone who needed to be moved from their position in Cincinnati. MILLER thought it was serious because it was possibly a "person who changed the list." LERNER could not recall if this meaning happened before the TIGTA audit. LERNER could not recall the name of the person to be moved, but believes it was a staff employee in Cincinnati, which she referred to as a "first line employee." LERNER thought the matter was referred to TIGTA. LERNER explained that she sent a team to Cincinnati to look at 501(c)4 cases. This team, which was led by NAN MARKS, included HOLLY PAZ, [REDACTED] LERNER believes the team was in Cincinnati for four weeks looking at cases and asking questions. LERNER learned that the team sat down with revenue agents in a group and worked through case files, putting each case into one of four brackets. LERNER commented that Washington was not supposed to be telling Cincinnati how to work cases. At the conclusion of the team's work, they had a meeting, but no formal report was written. LERNER does not know if the person in Cincinnati that MILLER referred to was ever moved.

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LERNER commented that there is a joke in the IRS that STEVE MILLER has always been the Director of EO.

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LERNER has read the audit report, to include various drafts, but has not read any other related internal documents. LERNER has not watched any of the testimony on Capitol Hill. She has not followed the related media reports.

At the conclusion of the interview, SA provided LERNER and her attorneys with signed copies of the Attorney Representation Agreement and Non-Custodial Advisement of Rights.

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