

Chairperson or a majority of its voting members. All meetings shall be open to the public. The Board is authorized to sit where the Board considers most convenient given the facts of a particular complaint, but shall give due consideration to conducting its activities in the judicial district where the complainant resides.

(i) Decisions—Decisions of the Board shall be made by majority vote of the voting members.

(j) Authority to impose penalty—After conducting such independent review and investigation as it deems appropriate, the Board by a majority vote of its voting members may impose a penalty, including dismissal, as provided in section 201(b) as it considers appropriate.

(k) Compensation—

(1) Prohibition of compensation of Federal employees—Members of the Board who are full-time officers or employees of the United States, including Members of Congress, may not receive additional pay, allowances, or benefits by reason of their service on the Board.

(2) Travel expenses—Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(l) Experts and consultants—The Board may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed \$200 per day.

(m) Staff of Federal agencies—Upon request of the Chairperson, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of that department or agency to the Board to assist it in carrying out its duties under this Act.

(n) Obtaining official data—The Board may secure directly from any department or agency of the United States information necessary to enable it to carry out this Act. Upon request of the Chairperson of the Board, the head of that department or agency shall furnish that information to the Board.

(o) Mails—The Board may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(p) Administrative support services—Upon the request of the Board, the Administrator of General Services shall provide to the Board, on a reimbursable basis, the administrative support services necessary for the Board to carry out its responsibilities under this Act.

(q) Contract authority—The Board may contract with and compensate government and private agencies or persons for services, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

Subpoena power

(1) In general—The Commission may issue subpoenas requiring the attendance and testimony of witnesses and the

production of any evidence relating to any matter [under investigation by the Commission] [which the Commission is empowered to investigate by section]. The attendance of witnesses and the production of evidence may be required from any place within [the United States] [a State] [a judicial district] at any designated place of hearing within the [United States] [that State] [that judicial district].

(2) Failure to obey a subpoena—If a person refuses to obey a subpoena issued under paragraph (1), the Commission may apply to a United States district court for an order requiring that person to appear before the Commission to give testimony, produce evidence, or both, relating to the matter under investigation. The application may be made within the judicial district where the hearing is conducted or where that person is found, resides, or transacts business. Any failure to obey the order of the court may be punished by the court as civil contempt.

(3) Service of subpoenas—The subpoenas of the Commission shall be served in the manner provided for subpoenas issued by a United States district court under the Federal Rules of Civil Procedure for the United States district courts.

(4) Service of process—All process of any court to which application is made under paragraph (2) may be served in the judicial district in which the person required to be served resides or may be found.

IRS gestapo is scrutinized by Senate

by Suzanne Rose

Four days of hearings before the Senate Finance Committee on April 28 to May 1, have begun to lift the veil from the gestapo-like functioning of the Criminal Investigative Division (CID) of the Internal Revenue Service, an arm of the permanent bureaucracy within U.S. government law-enforcement agencies. This apparatus has been contaminated through its service to a financial oligarchy which operates outside of effective control of elected U.S. government officials.

Testimony on day three of the hearings began to bring out the extent to which the CID has been used in pursuing political targets. Tom Henderson, a CID special agent who was stationed in the Knoxville, Tennessee District during 1987-89, testified that he became privy to a plot involving a subordinate to charge three prominent Tennessee elected officials on trumped-up allegations of bribery and money-laundering. When he blew the whistle to his superiors, Hen-

derson said, he was harassed and demoted, and ultimately driven out of the district, as were two co-workers who stood by him. But the agent running the dirty operation, was protected by the highest levels of the state and Federal bureaucracy. In fact, Henderson said, the agent enjoyed a close relationship with the chief of the criminal division for Tennessee, and was able, unobstructed, to send the contents of his "investigation" to the U.S. Attorney and Washington headquarters.

Although this agent was depicted as an out-of-control berserker type who harassed women and drank on the job, it was clear from Henderson's testimony that the agent was protected at the highest levels of the IRS. When questioned by the Senators, Henderson said that he thought the abuses he reported involving his district were widespread, and that the agent had been protected because he knew of other instances of wrongdoing within that district.

Henderson's testimony was followed up by a dramatic, surprise appearance by the three political targets: former Sen. Howard Baker (R-Tenn.), former Rep. James Quillen (R-Tenn.), and District Attorney General from the First Judicial District, Tennessee, David Crockett. Senator Baker expressed his outrage at the attempt to frame him, and gratitude to the committee for holding hearings which might serve to protect others from being similarly victimized, particularly those who, unlike himself, might not have the resources to defend themselves against unjust charges. Representative Quillen testified that he had been targeted for an IRS investigation and audit after introducing a bill to protect one of his constituents from an unjust IRS investigation. Such testimony prompted Senate Majority Leader Trent Lott (R-Miss.) to acknowledge that Congress had perhaps not been as vigilant in overseeing the IRS as they might have been, because even sitting members of Congress are afraid of IRS retaliation.

'An air of fascism'

Two days of testimony from both IRS employees and taxpayers victimized by the IRS bureaucracy, illustrated the fact that the IRS, like other elements in a permanent civil service bureaucracy, serves the interests of the rich and powerful. A major theme was that powerful corporations which can afford top-flight accountants and attorneys are often protected by bureaucratic policies which reward early closure of cases, and that smaller taxpayers and businessmen are mercilessly hounded for collections, often with the use of gestapo-like techniques. On day one, attorneys representing smaller taxpayers and businesses testified about cruel and heartless collection practices. More significantly, they testified that the IRS will take aim at attorneys who represent such people and set them up for bogus criminal investigations.

Misconduct during investigations by the Justice Depart-

ment was reported, including violation of Fourth Amendment rights, illegal surveillance, lying in court, and failure to provide evidence of innocence to defendants. Sen. Daniel Patrick Moynihan (D-N.Y.) commented that testimony of these activities had "an air of fascism" about it.

On April 29, three taxpayers who owned small businesses testified before the committee that they had been subjected to having armed agents from the IRS and the U.S. Marshals Service invading their homes and businesses at gunpoint. John Colaprete, a restaurant owner from Virginia Beach, Virginia, had his home and office invaded and ransacked by 60 armed agents on the word of a disgruntled former employee. Charges were never brought. The informant was used by the IRS, even though she had a record of embezzlement and stealing. Colaprete told the committee, "I used to believe that such things could only happen in a Communist bloc country, or a police state. I don't believe that anymore."

Investigate the Justice Department's role

Another businessman, William Moncrief of Moncrief Oil Co. in Dallas, Texas, a family-run oil company with 35 employees, was raided by 65 armed IRS agents. The charges were brought to the IRS by a former accountant who was motivated by a large bounty from funds he promised the IRS it would collect. This testimony led Senator Moynihan to comment on the involvement of the Justice Department in bringing charges in CID investigations, and to call for an investigation of the Justice Department's role as well.

Other aspects of the internal culture of corruption within the IRS bureaucracy were brought out by experienced investigators on the third day. An examiner from the Manhattan District documented that the bureaucracy favors those who curry favor with the rich and powerful. These careerists are often angling for lucrative employment in the private sector in return for favors dispensed while at the IRS. The examiner pointed out that the Manhattan District is the lowest revenue-generating district in the nation. Employees who don't go along with such practices, or report them, are often brutally suppressed.

One day prior to the hearings, the Clinton administration announced new oversight of the IRS Criminal Investigative Division, to be headed up by former FBI and CIA chief William Webster. Webster has himself been deeply involved in the political use of the Justice Department: He was the recipient in 1982 of a letter from Henry Kissinger, which led to the formation of the "Get LaRouche" task force which railroaded economist and political leader Lyndon LaRouche to prison. Nor is the bill to restructure the IRS, which has been passed in the House and been debated in the Senate, likely to lead to reform, without a thorough investigation of the stringpullers who deploy this agency, and who operate, for the most part, outside of the government.

Documentation

The following are excerpts from Senate Finance Committee hearings on IRS oversight, chaired by Sen. William Roth (R-Del.), on April 30.

Ms. Jarvis: . . . My name is Ginger Jarvis. . . .

Senators, I appear before you today to inform you of what I consider to be outrageous abuses that flourish within the Manhattan District. These offenses are committed by IRS's own management, and I truly believe the policy is more widely spread than I have personally witnessed in Manhattan.

At the sole discretion of individual managers, millions, even hundreds of millions, of tax revenues owed to the U.S. Treasury by some of the largest taxpayers in the country are literally forgiven—zeroed out. This is an outrage, predicated on the need of certain managers to improve statistics, to gain personal awards, or who seek solace in careers outside the IRS. The Manhattan District is a haven for this type of behavior, and I will describe situations that I have personally witnessed during my tenure in this office. . . .

Mr. Henderson: My name is Tom Henderson and I've been a special agent with the Criminal Investigation Division, Internal Revenue Service, IRS, for over 25 years. . . .

As the months passed, I began having some serious problems and misgivings concerning one of the senior agents assigned to my group. He was a close friend and drinking buddy of the chief of the Criminal Investigation Division and had been in the district for a number of years. . . .

In May of 1989, the agent's conduct reached intolerable proportions. He was intoxicated on the job for at least a week. During this period the agent called me with information that a sitting United States Congressman and former United States Senator were involved in a bribery and money-laundering operation. I immediately called the chief of the Criminal Investigation Division with that information.

According to the agent, the sitting United States Congressman and former United States Senator were both receiving \$300,000 to \$400,000 in currency every month for a period of seven years from a well-known national company for favorable legislation and/or political considerations. The agent, without authorization, transmitted the information to the United States Attorney's office in Greenville, Tennessee and to the FBI.

As a senior IRS special agent, he was attempting to establish a grand jury investigation without any authorization. . . .

Had it been true, this obviously would have been an enormous case of national importance and a tremendous boost to the agent's career. . . .

From that, I learned that all the information was bogus. What I had uncovered was an attempt to create an unfounded criminal investigation on two national political figures for

no reason other than to redeem the agent's own career and ingratiate himself with his superiors.

Incredibly, this entire situation was also covered up by the chief and assistant chief of the Criminal Investigation Division and later by the district director.

On June 1, 1989, after I had discovered the agent's activities, I informed the assistant chief that the agent was out of control, that I believed him to be dangerous to himself, to the public, and to the Internal Revenue Service. . . .

However, I was told by the assistant chief to say and do nothing.

I was then informed that I was the one in trouble and was refused any information from the assistant chief. . . .

Senator Roth: Well, first of all, let me thank each of you for being here. I apologize for the kind of treatment you've received as dedicated public servants. It should not have been. . . .

And I would now like to introduce the three targets of the IRS investigation: former Senate Majority Leader Howard Baker, former Congressman James Quillen, and the District Attorney General for the First District of Tennessee, Mr. David Crockett.

With that, I'd like to call on you, Senator Baker, for any comments you may care to make.

Sen. Howard Baker: Mr. Chairman, members of the committee, I thank you very much for the opportunity to be here. I commend you for having these hearings. My name is Howard H. Baker, Jr. I had the honor of serving in the United States Senate for 18 years, beginning in January of 1967, until January of 1985. And, during that time, I had the privilege of serving as Minority Leader for two terms, and then in the last four years of my final term, I served as Majority Leader. . . .

On leaving the Senate in 1985, I returned to my profession as a lawyer, and have practiced law since then, except for a 16-month period in 1987 and 1988, when President Reagan asked me to serve as his chief of staff.

Mr. Chairman, a few weeks ago, I was visited in my law office here in Washington by a member of this committee's staff, and was told that as a result of the committee's inquiry into IRS activity, it had learned that I was at one time the target of an investigation by an agent of the IRS Criminal Division, an investigation that was based on totally fabricated facts.

I knew nothing of that investigation, either before, during, or after the time it was terminated. I knew nothing of it until I was informed by this committee staff. I must repeat, Mr. Chairman, that the allegations were absolutely and totally without foundation and did not occur.

Senator Roth: Inexcusable.

Senator Baker: Mr. Chairman, I find it very disturbing indeed that the criminal division agent attempted to frame me, and reported his bogus allegations to the FBI and to the Justice Department. I may say that I am grateful to the extreme that others within the Service, particularly including these

three IRS employees who are here today, were able to terminate this malicious plan, and I regret, however, that apparently the three IRS employees who challenged another employee's fabricated criminal investigation, themselves suffered retaliation. They should not have been retaliated against, they should have been commended. . . .

Had this matter proceeded, I am confident that I would have been in a position to employ the best lawyers and accountants, and to demonstrate the fallacy of these allegations.

But, Mr. Chairman, I am deeply troubled that others who are perhaps less fortunate but who might find themselves in a similar situation with such charges leveled against them might not have the resources and might not be in a position to defend themselves. And it is for that reason, more than any other, that I commend this committee for inquiring into these matters, for ventilating these facts, and to protect those American citizens who might in the future be subjected to such indignity and humiliation. . . .

But I must tell you, Mr. Chairman, I have never been so infuriated by an event such as this. And—

Senator Roth: With good reason. . . .

Representative Quillen: Thank you, Mr. Chairman. I appreciate the opportunity of being here with such a distinguished group. . . .

I am James H. Quillen of Kingsport, Tennessee, now retired from the U.S. Congress as a member of the House of Representatives, after 34 years of continuous service. I am one of the three targets referred to in this testimony you have just heard.

Early on in my congressional career, a prominent businessman had been sued by the IRS. And he won the case. However, he had to pay the legal fees even though he won. When this was brought to my attention, I introduced a bill which stated specifically, in the event the IRS lost a case against a taxpayer, the government had to pay the legal fees of that taxpayer.

Following this, the IRS sent a team in to audit my personal tax return.

Later on in my Congressional career, for reasons unbeknownst to me, I was targeted by a special agent of the Criminal Division of the IRS. He would often visit several local bars and after a few drinks would loudly state my name, saying, "We're going to get that crook, Congressman Quillen." This happened not just one time but many times.

As a result of those verbal assaults, the IRS group manager Special Agent Tom Henderson felt it was necessary to put the special agent's alleged charges to rest. As a result, Special Agent Henderson conducted a preliminary investigation to determine there was absolutely no basis of the fact in the special agent's claim. That, however, didn't stop him. Not only did he not lose his job, but continued to boast that was still going to bring me down.

I so greatly appreciate the efforts of Special Agent Tom Henderson on my behalf, as well as those of former IRS em-

ployees Patty Gernt and Barbara Latham, for having the courage to stand up against what they knew as wrong, despite the considerable cost to their own careers and future livelihoods. . . .

Senator Roth: Have you ever been aware of CID agents who have created other false cases against either taxpayers or employees? Would you say this has happened with some frequency, Mr. Henderson?

Mr. Henderson: It has happened with frequency.

Senator Roth: Have you ever been made aware of agents conducting illegal wiretaps or surveillance against either taxpayers or employees? Mr. Henderson?

Mr. Henderson: Yes, sir. . . .

Senator Roth: Have you ever been aware of the destruction of evidence that may have benefitted a defendant? Mr. Henderson?

Mr. Henderson: Yes, sir.

Hearing of the Senate Finance Committee on April 29. Witnesses included John Colaprete, Jewish Mother Restaurant, Virginia Beach, Virginia; Richard Gardner, Gardner's Tax Service, Tulsa, Oklahoma; and William Moncrief, Moncrief Oil Co., Fort Worth, Texas.

Sen. Don Nickles (R-Okla.): Mr. Chairman, thank you very much. And some people were questioning whether we should have this second round of hearings. I think yesterday's hearings and coupled with today are certainly evidence that we need these hearings. I think the Criminal Investigative Division is out of control. The IRS is out of control.

Mr. Colaprete, how many agents busted your restaurant and your home and your staff member's home?

Mr. Colaprete: It was between 20 to 30 men in each establishment.

Senator Nickles: 20 to 30?

Mr. Colaprete: Four raids simultaneously — two homes, two restaurants.

Senator Nickles: You have two restaurants in Virginia Beach?

Mr. Colaprete: I did have two restaurants. One, of course, was closed six, eight months later because I just couldn't keep it together. They had — when you have a business that's out there in the community like a restaurant, you don't recover from an armed intervention such as this. You just don't recover. . . .

Senator Nickles: Mr. Gardner, how many people raided your IRS office?

Mr. Gardner: There were 15 IRS agents and approximately five U.S. Marshals.

Senator Nickles: Mr. Moncrief, how many did you say hit your business?

Mr. Moncrief: There were 64, absolutely, 64. They had to get 'em from Waco, Dallas, and surrounding areas to have that big a group.