



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

June 10, 2016

The Honorable Peter Roskam
Chairman
Committee on Ways and Means
Subcommittee on Oversight
U.S. House of Representatives
Washington, DC 20515

The Honorable John Lewis
Ranking Member
Committee on Ways and Means
Subcommittee on Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman and Ranking Member Lewis:

Thank you for the opportunity on May 25, 2016, to appear before the Committee on Ways and Means Subcommittee on Oversight and testify on seizure and forfeiture activities involving legal source structuring. I am writing to update you and the Subcommittee on our planned actions.

We are taking steps toward addressing the concerns of the Subcommittee. First, as we stated in the hearing, we have reviewed 76 investigations in which assets were seized prior to our October 17, 2014 policy change. I have enclosed a breakdown of these cases.

Second, we intend to send notice to persons or entities that had property seized relating to structuring activity between October 1, 2009 and the date of our policy change. This notice will advise the persons or entities that they may be entitled to a return of their property through the petition for remission or mitigation process. We have identified over 700 investigations for which we will mail these notices. If an investigation was referred for prosecution or the property owner has already received a full return of property, a notice will not be sent.

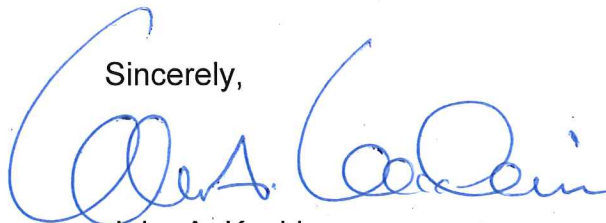
Our notices will be tailored depending on whether the forfeiture was an administrative forfeiture or a civil judicial forfeiture. Once a petition is received as a result of these notices, we will either make a determination in administrative forfeiture cases or make a recommendation to the Department of Justice in civil judicial forfeiture cases. For administrative cases, any property owner who participates in this process to seek a return of their funds or property qualifies by establishing that the underlying funds came from a legal source and there is no evidence the petitioning property owner engaged in structuring to conceal other criminal activity, such as tax evasion, money laundering, or other crimes.

We expect to mail the notices pertaining to administrative forfeiture cases this week. We plan to mail letters relating to civil judicial forfeitures by June 17, 2016, pending a follow-up meeting with the Department of Justice. We also will post information on our website, IRS.gov, advising the public of this process.

Finally, I note that during the hearing the attorney from the Institute for Justice testified that from the years 2007 to 2013 the IRS took \$43 million from 618 people. We conducted a review of the FOIA information provided to the Institute for Justice and we were unable to reconcile either the amount or the number of people to the Institute for Justice's numbers. However, we are confident that the approximately 700 investigations we identified represent the universe of persons entitled to notices under the process described above.

I ask that you please share this letter with all of the members in the Subcommittee. If you have any questions, please contact me or a member of your staff may contact Leonard Oursler, Director, Legislative Affairs, at (202) 317-6985.

Sincerely,

A handwritten signature in blue ink, appearing to read "John A. Koskinen", written in a cursive style.

John A. Koskinen

Enclosure

Summary of Seizure Investigations Prior to October 2014 Policy

Pre-Policy Seizure Investigations Reviewed (76)	Legal Source	Illegal Source
Total Investigations Seized Pre-Policy Not Yet Forfeited	32	22
Total Petitions Decided On After Policy	16	6
Total	48	28

Disposition	Investigation Count
Return to Owner/Victim	17
Recommendation made to the Department of Justice	16
Proceed with Forfeiture- Referred for Prosecution	35
Petitions-Withdrawn, Denied, Partially Returned to Owner or Transferred to Other Federal Agency	8
Total	76