

**CHICAGO TAPES
RECORDED EMPLOYEES
ALLEGEDLY
TAKING PAYOFFS**

BY ADRIENNE DRELL
LEGAL AFFAIRS REPORTER

Hidden eavesdropping devices placed in Chicago and south suburban Internal Revenue Service offices helped snare eight IRS employees allegedly taking bribes to

give taxpayers a break, the Sun-Times has learned.

The bugs, which were installed by Treasury Inspector General Tax Administration agents, recorded at least two employees allegedly accepting payoffs, say sources close to the investigation.

The tapes were turned over to a federal grand jury.

The employees targeted by the probe didn't learn about it until two weeks ago, when investigators arrived at their homes at dawn to serve grand jury subpoenas.

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NEWS

Chicago Sun-Times

Bribes at IRS alleged

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The eight workers—who reportedly include two collection officers, a revenue agent and an appeals officer—were subsequently placed on paid administrative leave by William L. Thompson, the director of the IRS Illinois district, sources said.

Some of the employees were observed leaving the Kluczynski building after meeting with Thompson, where their credentials and government equipment such as computers were seized.

IRS spokesman William Rivkin would neither confirm nor deny the investigation.

The undercover sting comes at a time when the agency has been subjected to taxpayer criticism, congressional budget cuts and myriad new regulations. As a result, staff levels have been reduced and enforcement efforts decimated.

Prosecutors are also said to be scrutinizing an unidentified number of accountants and others for making payoffs to get good deals for clients.

At least two alleged bribers are already cooperating with the federal government, sources said.

Deputy U.S. Attorney Joan Safford, who usually deals in tax cases, would not comment.

Sources said the Treasury Inspector General Tax Administration, an independent arm that has been monitoring the IRS since 1998, has been conducting an investigation for the last 18 months.

It focused on the IRS office near Ford City Shopping Center, 7601 S. Kostner, and the Olympia Fields office, 3615 Park Drive, as well as other offices.

The employees include a customer service representative at Ford City who allegedly accepted payments of up to \$50 to give preferential treatment to taxpayers or to provide transcripts of proceedings in a taxpayer's account, sources said.

The confidential information on such transcripts could enable a creditor to file a claim for someone else's refund or for a lawyer or accountant to solicit a delinquent taxpayer for business.

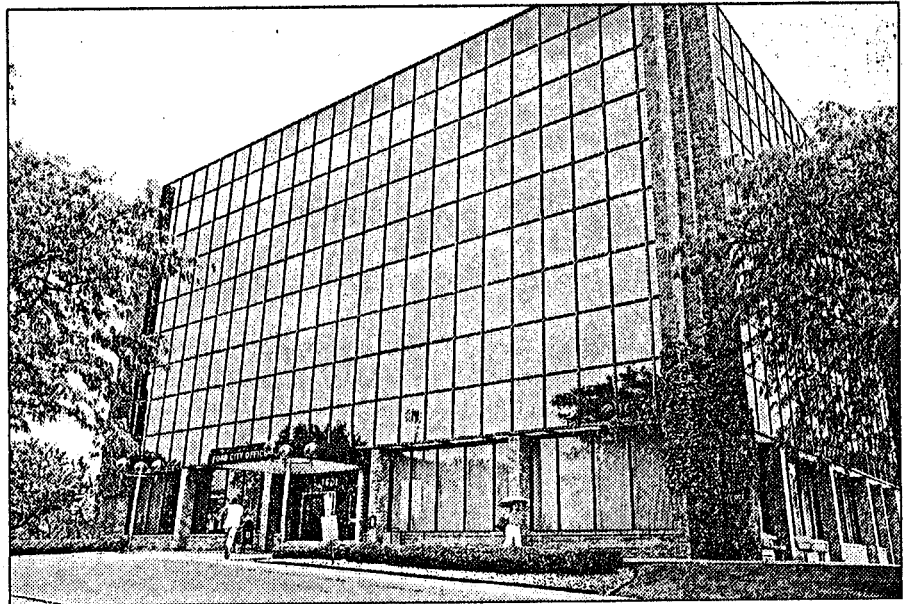
A revenue officer at the Ford City branch and another officer assigned to the Kluczynski building allegedly suspended collection actions on one or more accounts in return for bribes, sources said.

The highest-ranking employee under suspicion is an appeals officer assigned to the IRS office at 200 W. Adams, who is authorized to settle cases at a discount, sources said.

There are eight IRS service offices in the Chicago area where revenue agents conduct audits of taxpayer's finances and collect owed taxes and auditors are assigned.

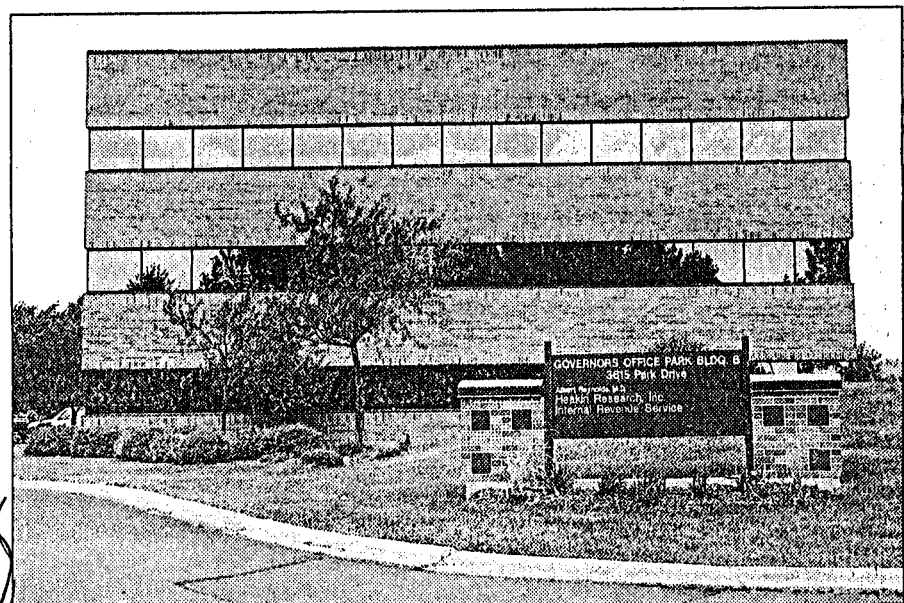
The early-morning visits by agents here were criticized by officials with the IRS employees union because the employees were not warned of their constitutional and administrative rights.

A front-page article in the August issue of the National Treasury Employees Union Chapter 10 newsletter, which was released last Monday,



SCOTT STEWART/SUN-TIMES PHOTOS

The Internal Revenue Service office at 3615 Park Drive in Olympia Fields was one of two under surveillance for the last 18 months by Treasury Inspector General Tax Administration agents. An IRS spokesman would not comment on the investigation.



The Internal Revenue Service office at 7601 S. Kostner also was targeted. Eight IRS employees were given grand jury subpoenas for allegedly accepting bribes in exchange for tax breaks.

contends there is no legitimate reason for a Treasury Inspector General Tax Administration agent to "show up unannounced at an employee's residence."

"The only reason for this tactic is to surprise and intimidate an employee in a misguided attempt to deny their right to representation," the article said.

The newsletter advises the 2,000 union members that if agents come to their homes for a "friendly chat . . . do not allow them entry and do not discuss anything with them."

Union President Charles Turek did not respond to repeated requests to comment on the alleged sting operation.