



Short-lived Ohio group was early test case for IRS

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WEST CHESTER, Ohio — A now-defunct [political group called American Junto apparently was one of the IRS' first test cases](#) as the agency tried to determine whether such groups deserved tax-exempt status.

Chris Littleton, 34, started American Junto in 2008 with grand dreams of turning it into a nonprofit education agency around what he calls "citizenship and freedom issues." Littleton, a self-proclaimed conservative from this Cincinnati suburb said he and his friends officially applied for tax-exempt status in late 2009 or early 2010, and after being ignored for months, they started receiving a lot of questions from the IRS.

Littleton eventually gave up trying to get tax-exempt status and shut the organization down because of the hassle. But he went on to start two more groups listed among 162 organizations contained on a list that *USA TODAY* obtained recently. The list gives the most insightful look to date about the procedures used and reasons why individual groups were held up during the process.

In e-mail that included that list, a top Washington supervisor referred to American Junto, named after the meetings Benjamin Franklin had in his living room to discuss politics and other topics, as one of two test cases nationally. Supervisors ordered other IRS agents to back off examining Littleton's other two groups until Junto's status could be determined. American Junto was not included on the list.

"We have indicated ... the names of the 2 organizations ... that are related to American Junto, one of the 2 political advocacy cases pending here," wrote Mike Seto, who at the time was in charge of the Exempt Organizations — Technical group in Washington. The division gave legal guidance to IRS agents in the exempt-organization determination offices in Cincinnati.

Seto then asked Cincinnati agents to lay off investigating Ohioans for Health Care Freedom and the Ohio Liberty Coalition, two other groups that Littleton was helping to start at the time.

"Please suspend action on these two cases while EOT is working on American Junto," Seto wrote in the e-mail to supervisors in Cincinnati. Seto reported to Lois Lerner, who oversaw the Exempt Organizations division and is a key figure in the ongoing controversy.

Littleton said he and others associated with American Junto laughed at the scrutiny at the time. Although his case apparently reached Washington supervisors, they were dealing directly with Carter Hull, who worked in the Washington office that oversaw Cincinnati's exempt organizations operation.

Hull also worked for Lerner, who earlier this year refused to testify in front of Congress on her role in the scandal by exercising her right against self-incrimination.

"We just thought we were doing something wrong in the application process, ... but we also jokingly said that if there was a government list for the IRS, the NSA and the TSA, we were probably on it," Littleton said. "At the time, it was funny. It isn't so funny anymore.

"To me, this just proves our point even more that our government has gotten too big, especially if they can get away with stuff like this," he said.

Littleton said he is "the lone human being connected to all three groups" — American Junto and the other two groups mentioned in the email, Ohioans for Healthcare Freedom, recently renamed to Ohio Rising, and the Ohio Liberty Council, renamed the Ohio Liberty Coalition.

In the e-mail, obtained by *The Cincinnati Enquirer* and dated Nov. 22, 2011, Seto gave Cincinnati agents clearance to start processing the other groups on the list.

IRS officials did not respond to questions directly about the e-mail, saying the agency was "troubled by the apparent section 6103 disclosure," referring to the regulations that forbid the release of private materials that may identify individual citizens or taxpayers.

"We have referred the matter to the Treasury Inspector General for Tax Administration, which is our standard practice for potential disclosure violations. ... We cannot comment further," the agency said in a statement.

Littleton said he and his friends eventually gave up on the American Junto idea and stopped pursuing the tax-exempt status after going through three rounds of questioning and several delays because of the IRS.

He had originally applied for 501(c)(3) status, which would have precluded the group from any political activity but would have allowed American Junto to accept tax-deductible donations. The original vision was to create a charitable education organization much like the Heritage Foundation or the Cato Institute, other conservative-leaning 501(c)(3) educational groups or think tanks.

"We kept asking ourselves, 'Has the IRS called yet?' as a joke, knowing it wouldn't happen," Littleton said. "And then they did call letting us know that the deadline for submitting all the materials was a week or two away. But by then, we had given up. We weren't going to pay the additional \$850 it would have taken to refile our application."

He said the plan was to create individual accounts within the American Junto group for area tea party/conservative organizations that would take in tax-deductible donations, but that never panned out.

"We never got it off the ground, ... and the IRS is a large reason for that," Littleton said. "Do I think it was an intentional move on their part to shut us down? I don't know at this point, and I don't think that the rank and file people in Cincinnati had any axes to grind. But I do know that our movement that has come up and threatened the status quo, and we are rattling some cages. So yes, I believe there was some aspect of this that was politically motivated."

Littleton said he notified the IRS in late 2011 that he had halted the Junto effort, but in the meantime, he had applied for 501(c)(4) status for the two other groups. A 501(c)(4) organization can conduct some political activities, as long as they are not the majority of the group's activity, and donations to such groups are not tax deductible.

Approvals for the other two groups came in 2012, he said. Both the Ohioans for Healthcare Freedom and the Ohio Liberty Council were listed on the list of 162 disclosed this week.

Overall, at least 10 groups from Ohio were on that list, something that doesn't surprise tea party activists throughout the state.

"The liberty and tea party groups in Ohio were much better organized and had more media coverage than others," said President Tom Zawistowski of the Portage County Tea Party in Kent, Ohio, who also helped create the Ohio Liberty Coalition. "Chris was effective and they went after him first."

Congressional Democrats countered last week that the list and e-mails show only that IRS officials were trying to better understand and process the applications by groups that may have exceeded guidelines on political behavior. They pointed to the fact that the list of 162 groups was created by IRS official Hilary Goehausen, who also made several of the comments on the sheet and acknowledged being a registered Republican during interviews with congressional investigators.

Littleton is now director of sales for Voter Gravity, a Virginia-based voter targeting and database firm, but he remains active in southwest Ohio politics. He has helped create several other tea party groups. He also is the paid campaign manager for Cincinnati For Pension Reform, a group that has placed a charter amendment on the Cincinnati city ballot that would essentially eliminate city workers' existing pension plan and replace it with a 401(k)-style plan.

"A person in power, whether elected or through bureaucracy, should never be able to abuse that office to gain more or retain their power. ... That's just tyranny," Littleton said. "My whole life has been devoted to grassroots organizing, and I am going to keep up that fight."