

## Issa Report: Bogus IRS ‘Scandal’ Ends in a Whimper, Payday Lenders Fund Campaigns

November 27, 2017

**Congressman Darryl Issa (R-49th District) suffered humiliation as his so-called IRS ‘scandal’ investigation costing US taxpayers money and congressional time “came to a pathetic, whimpering conclusion earlier this month,” according to Francis Wilkinson of Bloomberg View.**

*And in a double whammy, as shown here, following the IRS ‘scandal’ update, examination of campaign finance filings showed Issa took tens of thousands of dollars from predatory “payday” lenders while promoting legislation specifically benefiting his donors.*

First, the final humiliation in Issa’s bogus claim the IRS specifically targeted Tea Party groups. “For half a decade,” Wilkinson said, “the scandal had kept delinquent members of Congress occupied and served up reliable programming to Fox News and other conservative media. But when Internal Revenue Service Commissioner John Koskinen walked out of his office on Nov. 9, of his own volition, on schedule, his fine reputation intact, the whole greasy production quietly expired.”

In the first years of the Obama administration, Tea Party groups and other conservative organizations rose up to defy the government. When the groups sought IRS approval for their designations as “social welfare” organizations under the tax code, the IRS targeted them with burdensome queries, harassing the groups while slow-walking reviews of their applications. In this telling, it was a political vendetta – carried out against conservatives by a government agency that many anti-government, anti-tax conservatives especially despised.

Republicans claimed the IRS served as an attack dog for the Obama White House. But inquiries by the House Ways and Means Committee, the House Oversight and Government Reform Committee, the Senate Finance Committee, the Senate Permanent Subcommittee on Investigations and the Justice Department all failed to produce evidence of political interference. Perhaps, according to Wilkinson, it was because the premise of the scandal — that Obama’s political team would want to destroy local Tea Party groups — was absurd. For Democrats, local Tea Party groups were a political Giving Tree, bearing glorious, loopy fruit such as Christine O’Donnell and Todd Akin, Tea Party candidates who managed to lose crucial Senate campaigns that a competent Republican – perhaps *any* competent Republican — would’ve won.

What's more, none of the groups actually needed IRS approval to operate. "These organizations didn't have to wait for the IRS to tell them anything to go into business," Koskinen said in a telephone interview to Bloomberg View.

Yet the IRS clearly applied extra scrutiny to groups that it thought might be engaged in too much politics to warrant the preferential tax designation. One way IRS personnel did that was to look for keywords "Tea Party." Other words that triggered IRS scrutiny included: "Occupy," "green energy," "medical marijuana" and "progressive."

Contrary to the Republican story, the IRS never targeted conservatives. The IRS targeted politics, which was pretty much what it was supposed to do.

In September, the Trump Justice Department reaffirmed the decision of the Obama Justice Department not to prosecute Lois Lerner, the IRS bureaucrat whom Republicans settled on as a criminal mastermind after they had failed to find an exploitable connection to Obama.

A report released by the Treasury Department's inspector general for tax matters indicates that the IRS also singled out nearly 150 organizations whose names suggested they were affiliated with liberal organizations. Without specifically characterizing the politics of the groups, the report said the IRS initiated reviews when applicants' names included words such as "occupy," "progressive" and "green energy" between 2004 and 2013.

The same Treasury watchdog had said in 2013 that the IRS reviewed about 250 conservative-sounding groups, with names that included words such as "tea party" or "patriot." That report fueled the scandal narrative: "This was a targeting of the president's political enemies, effectively, and lies about it during the election year so that it wasn't discovered until afterwards," Issa, the chairman of the House oversight committee, said at the height of the controversy in 2013.

### **Predatory 'Payday' Lenders Love Issa, and He Loves Them Back**

The "payday" lending industry is infamous for providing 12 million Americans each year with short-term loans that end up costing an average of more than 138 percent in interest and fees.

Each year, millions incur long-term debt by taking out a short-term loan that's intended to cover borrowers' expenses until they receive their next paychecks. Most take out nine repeat loans per year with an interest rate as high as 400 percent. Forty-four percent of borrowers ultimately default, even after paying back their loans several times over and thus are pushed ever closer to poverty.

Critics have called the practice "legalized loan sharking" and describe the industry as "bottom feeders." In recent years, major banks have also joined in the practice.

Since at least 2014, Issa has been taking in tens of thousands of dollars from the predatory "payday" lenders industry and, in turn, advocated for their interests.

Prime Issa target for years has been the Operation Choke Point program aimed at big banks that illegally help payday lenders rip off consumers. “Operation Choke Point” was a 2013 initiative of the United States Department of Justice, which would investigate banks in the United States and the business they do with firearm dealers, payday lenders, and other companies believed to be at higher risk for fraud and money laundering. This operation, disclosed in an August 2013 Wall Street Journal story and was officially ended in August 2017.

**Federal Elections Commission filings show the following payday lender contributions to Issa’s campaign chest:**

**Issa for Congress — \$10,500 Total**

*Advance America Cash Advance Centers Inc. PAC*  
Spartanburg, SC  
6/16/2017  
**\$2,000**

*Advance America Cash Advance Centers Inc. PAC,*  
Spartanburg, SC  
10/24/2016  
**\$1,000**

*Advance America Cash Advance Centers Inc. PAC*  
Spartanburg, SC  
2/5/2016  
**\$2,500**

*Advance America Cash Advance Centers Inc. PAC*  
Spartanburg, SC  
5/11/2015  
**\$2,500**

*Advance America Cash Advance Centers Inc. PAC*  
Spartanburg, SC  
9/19/2014  
**\$2,500**

**[FEC, Issa for Congress, accessed 6/28/17]**  
**ISSA PAC — \$5,000**

*Advance America Cash Advance Centers, Inc PAC*  
Spartanburg, SC  
5/14/2014  
**\$2,500**

*Advance America Cash Advance Centers, Inc PAC*  
Spartanburg, SC

5/10/2013

**\$2,500**

**Issa Accepted \$4,250 From ACE Cash Express, a company that used illegal debt collection tactics;**

**ACE Cash Express Was Ordered To Pay A \$5 Million Penalty For Illegal Debt Collection Tactics One Month After The Payday Loan Industry Sued The FDIC Over Operation Choke Point.**

One of the nation's largest payday lenders is being required to make \$5 million in refunds and pay an additional \$5 million penalty, at the same time the industry is releasing data concerning more than 100 million payday-loan transactions. The Consumer Financial Protection Bureau said Thursday that it acted against ACE Cash Express for illegal debt collection tactics — including harassment and false threats of lawsuits or criminal prosecution — to pressure overdue borrowers into taking out additional loans they could not afford. [...] ACE Cash Express issued this statement, saying the violations all occurred before March 2012. The enforcement action comes a month after the payday loan industry sued federal banking regulators over the government's Operation Choke Point." [Washington Business Journal, 7/11/14]

Above: Issa talks about his support for predatory lending "payday loan" companies and telemarketing robo-calls along with phone sales of firearms and the Koch Brothers before the far right-wing Cato Institute in July 2014/Cato Institute

**CFPD Director: ACE Cash Express "Used False Threats, Intimidation, And Harassing Calls To Bully Payday Borrowers Into A Cycle Of Debt." [Forbes, 7/10/14]**  
**Issa for Congress**

*ACE Cash Express PAC*

Irving, TX

5/16/2017

**\$1,000**

*ACE Cash Express PAC*

Irving, TX

5/18/2015

**\$2,500.00**

*ACE Cash Express PAC*

Irving, TX

9/29/2014

**\$750.00**