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## **NTEU's Kelley Calls for Full Review Of IRS Tax Debt Privatization Awards**

**Washington, D.C.**—A media report detailing alleged past legal problems stemming from collection practices of a Texas law firm that won an Internal Revenue Service (IRS) contract to pursue tax debts casts even more doubt on the ability of the IRS to effectively oversee this unwise privatization program, the leader of the union representing IRS employees said today.

President Colleen M. Kelley of the National Treasury Employees Union (NTEU) today called on the IRS to review closely its recent award of tax debt privatization contracts, and to make full disclosure to the public of its findings.

An article in the publication *Tax Notes* recounts several legal issues surrounding the collections work of the firm and one of its former partners. In 2002, a then-named partner with the firm was indicted for bribing city officials to win a contract to collect unpaid fines and fees. He pled guilty in 2004 to conspiracy to commit bribery and bank fraud and was fined \$1 million and sentenced to 30 months in jail.

“The fact that the IRS would award this work to a firm with such documented legal issues dealing with collections is, at the very least, disappointing,” said President Kelley. “The selection of this firm simply reinforces NTEU’s concerns that this unwise, unnecessary IRS program to hire

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private sector debt collectors is going to have serious negative ramifications on taxpayers,” she said.

NTEU has been leading the fight against the program, under which the IRS would hire private debt collectors to pursue tax debts in exchange for a bounty of up to 25 percent of the money they collect—notwithstanding that IRS employees could collect far more of these debts at a tiny fraction of the cost, if Congress would provide the agency with the appropriate funding.

The initial contracts were awarded to three of 33 companies vying for the government business; the IRS has said it plans to award as many as 10 such contracts within the next two years. Kelley has said that NTEU intends to monitor the program closely, particularly in light of the failure, a decade ago, of a similar IRS program which performed so badly that a proposed follow-up program the next year was canceled.

NTEU is the largest independent federal union, representing some 150,000 employees in 30 agencies and departments, including 90,000 in the IRS.

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