



COMPUTER & COMMUNICATIONS
INDUSTRY ASSOCIATION
Open Markets, Open Systems, Open Networks

April 19, 2007

The Honorable Max Baucus,
Chairman
Senate Committee on Finance
511 Hart Senate Office Building
Washington, DC 20510

The Honorable Charles Rangel,
Chairman
House Committee on Ways and Means
2354 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Baucus and Chairman Rangel:

On behalf of the Computer & Communications Industry Association (CCIA), I want to applaud the spirit of consumer protection embodied in H.R. 1677, the Taxpayer Protection Act, and congratulate you for its passage in the House this week.

In early January of this year, CCIA wrote to the Internal Revenue Service and the Federal Trade Commission, with copies to the IRS Taxpayer Advocate, calling attention to a serious consumer threat: the presence and aggressive activities of misleading internet sites like IRS.com, which masquerade as official U.S. Government websites. At the time, we highlighted:

“...serious and alarming problems related to a controversial web-based entity known as “IRS.com”. This site is in significant respects masquerading as an official government website, confusing and misleading the taxpayer, and interfering with the proper conduct of the public business. Since the IRS is a law enforcement agency of the United States, this problem is particularly egregious. Something urgently needs to be done to put a stop to it, before the tax return season takes place. The site is outrageously misleading to the public at large, and by being accidentally accessed, through simple inadvertence or error by the unsuspecting citizen, is a source of abuse, deception, misrepresentation and slamming. Although we have studied the IRS.com site in particular depth, there are other sites operating in the same unacceptable and misleading manner: “IRS.org” and “IRS.net”.

The IRS told us it held similar serious concerns and turned the matter over to the Treasury Inspector General (TIGTA) for action. At the same time, the FTC indicated that it was taking the matter under advisement.

Unfortunately, in the end, no meaningful action has been taken by either TIGTA or the FTC. Likewise, no response or action was forthcoming from the Taxpayer Advocate.

Following this record of inaction, Rep. Edward Markey, Chairman of the Telecommunications and the Internet Subcommittee on the House Energy and Commerce Committee, pursued the matter, formally writing to Treasury and the FTC to seek action. No apparent action was taken by TIGTA. And in a response letter to Chairman Markey, the FTC essentially reported that the FTC had communicated with

the offending websites, had resolved any problem that might have existed, and that there was no cause for concern.

Fortunately, prompt legislative action was taken by the House Ways and Means Committee in reporting a bill to outlaw the misleading website practices impacting the Treasury Department and IRS, and to prohibit phishing specifically.

This past weekend, the IRS issued multiple public warnings, widely broadcast on radio, television and cable news programs, about what the public must avoid on the Web to safeguard against fraud and deception. The IRS warned taxpayers to avoid being victims of phishing and other scams that attempt to steal their refunds, and urged people to be sure to only use the official IRS.gov Website. As we look back over the course of this tax season, it is unfortunate that neither TIGTA, nor FTC, nor the Taxpayer Advocate acted on the knowledge and information they had from the beginning of the season about this risk to the public. It is now clear that legislative action is required to assure protection of the public interest. It is essential that H.R. 1677 be enacted into law at the earliest possible date *this year* to end this menace to the public trust before another tax season takes place.

Finally, the now recognized risks to the public that misleading websites represent have had a broader impact than even the most obvious fraudulent acts that have been reported. These and other faux IRS websites have diverted legitimate taxpayer traffic away from participation in official programs of the U.S. Government – such as the IRS Free File program – and we believe this diversion has been taking place for some time. In a press release issued April 16th, Intersearch Group – the owner of IRS.com – claimed to have “served 25 million” customers. If we combine CCIA’s original consumer research findings about IRS.com and public confusion with this revelation from the owners of IRS.com, we would appear to have found 25 million taxpayers who were hijacked on their way to IRS.gov.

Given the adverse impact on official public programs like Free File, we believe it is necessary that the prohibitions on misuse of government agency names embodied in HR 1677 need to be expanded to also specifically prohibit misuse of official government program names. Existing mechanisms in the Executive Branch were inadequate to protect the integrity of these public programs, and so the law must be strengthened to remedy this. We believe there is adequate evidence to conclude that programs like Free File will see dramatic growth in public usage once this diversion of those users is ended.

Thank you for your dedication to protecting American consumers, and for your commitment to providing a legislative solution so that in 2008, taxpayers can confidently – and securely – e-file their taxes. HR 1677 should be enacted into law, and promptly.

We look forward to working with the Congress to see this issue through to its successful conclusion, and are available to assist in any way that would be helpful.

Sincerely,



Edward J. Black,
President and CEO
Computer & Communications Industry Association