

**COMMITTEE ON WAYS AND MEANS**  
**U.S. HOUSE OF REPRESENTATIVES**  
**WASHINGTON, DC 20515**

October 6, 2021

The Honorable J. Russell George  
Treasury Inspector General for Tax Administration  
U.S. Department of Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Inspector General George,

I am writing to determine the process used by the Internal Revenue Service (IRS) to monitor and ensure compliance with a Department of Justice (DOJ) plea agreement involving a tax-exempt organization.

Earlier this year, Generation Now pleaded guilty in U.S. District Court to participating in a \$61 million racketeering and wire fraud conspiracy that resulted in the expulsion of Larry Householder, then Speaker of the Ohio House of Representatives, as well as a \$4 million bribe to Ohio's top appointed public utility regulator, who was forced to resign. In July of 2021, the U.S. Attorney for the Southern District of Ohio announced a deferred prosecution agreement with the nuclear energy company that controlled Generation Now in which the company agreed to pay \$230 million fine.<sup>1</sup>

Generation Now was a purported social welfare organization, exempt from taxation under section 501(c)(4) of the Internal Revenue Code, that was "used to conceal corrupt payments related to passage of legislation."<sup>2</sup> According to court documents, Generation Now was at the center of Mr. Householder and others receiving millions of dollars in exchange for specific official action. Mr. Householder and his enterprise received approximately \$61 million through Generation Now from an energy company and its affiliates to pass and uphold a billion-dollar nuclear plant bailout to be paid for by Ohio's ratepayers. DOJ announced that, as part of the plea agreement, the "parties involved in the case have been recommended a term of probation for the nonprofit of up to five years."<sup>3</sup>

As further investigation and litigation in this matter proceed, it is important to know what steps should be taken to ensure that Generation Now operates in furtherance of its mission. I

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<sup>1</sup> Deferred Prosecution Agreement, United States v. FirstEnergy Corp., No. 1:21-cr-00086-TSB (S.D. Ohio, July 22, 2021), ECF No.3.

<sup>2</sup> Department of Justice, "Purported 501(c)(4) admits to being used to conceal corrupt payments related to passage of legislation" (Feb. 19, 2021), <https://www.justice.gov/usao-sdoh/pr/purported-501c4-admits-being-used-conceal-corrupt-payments-related-passage-legislation>.

<sup>3</sup> *Id.*

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respectfully request that you report on what steps are being taken by the IRS, DOJ, and the Treasury Inspector General for Tax Administration to ensure a tax-exempt organization's compliance with a plea agreement and what steps are undertaken to ensure that individuals who misuse exempt organizations for illegal activities and federal tax benefits never again do this in the future. It is imperative that the integrity of our federal tax rules for granting and maintaining tax-exempt status be preserved going forward.

Thank you for your prompt attention to this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Bill Pascrell Jr". The signature is written in a cursive style with a horizontal line underneath the name.

Bill Pascrell, Jr., *Chair*  
Subcommittee on Oversight