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Insurance, Retirement, and
Land

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Municipal Affairs,
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Committee on the Guam
Military Buildup and
Homeland Security

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Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform

February 4, 2011

Mr. J. Russell George
Inspector General for Tax Administration
Treasury Inspector General for Tax Administration Headquarters
1125 15th St NW, Suite 700
Washington D.C., 20005

**RE: Audit Request – Guam Advance Reimbursement of ARRA
Make Work Pay Credit**

Hafa Adai Mr. George,

As Chairman of the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land (Committee) for the Territory of Guam, I feel it is my duty to request an independent audit of \$72 million dollars of ARRA Make Work Pay Credit advance reimbursements provided to the Territory of Guam by the Internal Revenue Service.

In 2009, the Department of Treasury and the Governor of Guam Felix P. Camacho entered into a Memorandum of Understanding (MOU) for Guam to receive advance reimbursements of the ARRA Make Work Pay credits. The MOU outlined the terms and conditions which includes a monthly submission of taxpayers claiming the credit to be used for the purpose of reconciling the advance reimbursement. To date, less than 20% of the 2009 Tax Returns have been processed by the Guam Department of Revenue and Taxation. It is unknown if any of the credits have been reconciled with the IRS.

In addition, Guam's newly elected Governor Edward J.B. Calvo has recently made several public statements regarding the advance reimbursements of the ARRA Make Work Pay Credit implying that the funds have been used illegally and the most the \$72 million dollars will need to be paid back to the Treasury of the United States. It is critical that his statements be verified by independent sources as quickly as possible. I took an oath as an elected member of the Guam Legislature to uphold and protect the law. In addition, my oversight over appropriations requires that on behalf of Guam taxpayers, I protect Guam's treasury from potential theft or misuse.

For these reasons, I am requesting that the Treasury Inspector General for Tax Administration audit the \$72 million dollars of ARRA appropriations to ensure:

- 1) The funds were not illegally used;
- 2) The advance reimbursements are reconciled against taxpayers claiming the credit.
- 3) The determination of liability to Guam or the IRS for underpayment or overpayment of the credits.

Once again, I am appealing to you to independently determine the veracity of Governor Calvo's statements of illegal activity and to also allow for proper accounting of the advance reimbursement of ARRA Make Work Pay Tax Credits.

I am requesting your earliest attention to this request in order to assist the Legislature in the formulation of the upcoming budget, as the findings may require the factoring of any liability in the future year fiscal budgets.

Si Yu'os Ma'åse,


Vicente (ben) Cabrera Pangelinan
Senator

cc: Anthony Babauta, Assistant Secretary of the Interior for Insular Areas
Dee Robinson, Internal Revenue Service Program Manager, U.S. Territories
Governor of Guam
Lieutenant Governor of Guam
All Senators
Director, Department of Revenue and Taxation
Director, Department of Administration