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Daniel J. Donovan

April 30, 2019

BY HAND DELIVERY

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The Honorable Charles E. Grassley
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20515

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20515

Dear Chairman Grassley and Ranking Member Wyden,

On behalf of our client, Andrew Kyle Carney, this letter and attachment (including attached Appendix A) respond to your March 27 letter, requesting that Mr. Carney provide information and documents to the U.S. Senate, Committee on Finance (the "Committee") regarding certain syndicated conservation easement transactions.

Consistent with our discussions with Committee staff, today's submission responds, in whole or in part, to Questions 1, 2, 3, and 5, with information and documents that were identified after a reasonable search and review. The documents are submitted on an encrypted CD, labeled "CARNEY," and bear the sequential bates range CARNEY-SFC_00000001 to CARNEY-SFC_00000967. We are providing the password for the CD under separate cover. As agreed with Committee staff, our review is ongoing and this submission is part of a rolling production, and we appreciate the additional time for Mr. Carney to respond to your letter. We will supplement today's submission as our review continues.

In responding to the Committee's Questions, Mr. Carney has in good faith tried to be as accurate and responsive as possible within the time frame set for responses, consistent with our discussions with your staff, and based on Mr. Carney's understanding of the terms used in the Committee's questions. This response is the product of reasonable efforts to identify, collect and review potentially responsive information and, as such, reflects Mr. Carney's current information and belief. The representations herein are based on reasonably available information and are not intended to, and do not, capture all information related to the requested transactions, nor are they an exhaustive description of the transactions discussed. In providing this response to the Committee's questions, Mr. Carney does not waive, nor does he intend to waive, any of his rights or privileges that may be applicable with respect to this inquiry by the Committee.

The Honorable Charles E. Grassley
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This response may contain confidential information provided to the Committee pursuant to your request as Chairman and Ranking Member of the Committee and pursuant to Rule XXIX of the Standing Rules of the Senate. Accordingly, all documents submitted have been marked with the legend "CONFIDENTIAL TREATMENT REQUESTED PURSUANT TO SENATE RULE XXIX." Given the sensitivity of this information, we respectfully request advance notice of any contemplated disclosure of information submitted to the Committee, and a reasonable opportunity to object prior to any disclosure.

Please do not hesitate to contact me at [REDACTED] should you or your staff have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel F. Donovan", with a stylized flourish at the end.

Daniel Donovan

Attachment

APPENDIX A

ANDREW KYLE CARNEY'S SUBMISSION IN RESPONSE TO COMMITTEE REQUESTS DATED MARCH 27, 2019

Question 1: You are identified either in a database accompanying a Brookings Institution report dated December 20, 2017 as having originated one or more partnership or pass-through entities that appear to be a vehicle for a listed transaction described in IRS Notice 2017-10, or you appear to be associated with such entities based on publicly available information. Such entities appear to be the following:

Brushy Hollow Investments, LLC
Cherokee 389 Investments, LLC
Cub Creek Reserve Investments, LLC
Dry Mill Creek Investments, LLC
Ginn Creek Investments, LLC
Little Pumpkin Creek Investors, LLC

Little Pumpkin Creek North Investments, LLC
Rabbit Bar Point Investments, LLC
River Ridge Retreat Investments LLC
Roan Creek Investments, LLC
Storey Hollow Investments, LLC
Tom's Mountain Creek Investments, LLC

- a. Are you associated with these entities in any way?
- b. Is the information contained in the database correct?
- c. If it is not correct, please describe the nature of the entities listed immediately above, their purposes, and how or whether they created, distributed, or provided tax deductions for charitable contributions pursuant to 26 U.S.C. § 170 to their partners.

Response: Mr. Carney is associated with the above entities, which are managed in one of two ways: (1) Mr. Carney manages and owns 50% of a management entity that serves as manager of the listed entity, or (2) Mr. Carney wholly owns and manages an entity that serves as manager for another entity, which is the manager of the listed entity. The Brookings Database contains a variety of information relating to individuals and entities not known to Mr. Carney, and Mr. Carney is not able to determine whether all information found in the database is correct or incorrect. Mr. Carney does note certain inaccuracies respecting information for entities associated with him and as a gesture of good faith and cooperation with the Committee, Mr. Carney is providing additional documentation reflecting that information as maintained by Mr. Carney. See the attached spreadsheet (Attachment 1 at CARNEY-SFC_00000001) for such information.

- Question 2:** For each entity from which you distributed to investors tax deductions from the contribution of real property or easements to charity, please provide:
- a. The date(s) the partnership or pass-through entity(s) was formed,
 - b. The date(s) the partnership or pass-through entity(s) acquired the real property and the cost(s) of acquiring the real property involved,

- c. A description of the real property as recorded in local land and real property tax records,
- d. The dates that interests in the partnership or pass-through entity(s) were sold to each of the investors,
- e. The date(s) conservation easements on the real property were granted,
- f. The 501(c)(3) organization to which the real property or easements were contributed,
- g. The total amount of deductions allocated and the tax years in which they were allocated,
- h. The total number of investors in each entity, and
- i. The total equity investments by all of the partners to the entity.

Please provide copies of all promotional materials provided to investors, or any other communications made prior to an investor's participation in the transaction, including but not limited to presentations, memoranda, letters, emails, and notes, however formal or informal, describing the investment opportunities or the amount of tax benefits expected as a result of or potential result of the investment.

Response: Mr. Carney submits the enclosed spreadsheet (Attachment 1 at CARNEY-SFC_00000001) in response to this request. We will supplement today's submission as our review continues.

Questions 3: For each of the entities responsive to Question #2, indicate whether the appraisals for the contributed properties involved include the dates and costs related to the partnership or pass-through entity acquiring the ownership of the real property. For each, describe the extent to which you provided such information to the appraisers for their appraisals of the contributed property at issue.

Response: Pursuant to the Uniform Standards of Professional Appraisal Practice requirements, the appraisal reports include information regarding transfers of property within the three-year period before the effective date of the appraisal, where applicable. Mr. Carney did not provide appraisers such information for any of the entities listed in the Committee's request.

Question 5: For all entities responsive to Question #2, indicate whether you prepared, or arranged to be prepared, assessments (or baseline studies or similar analyses) of the conservation value of the real property. Please provide copies of all such assessments regardless of whether the assessments were final copies, were provided to investors, or were used to support the value of a charitable contribution under 26 U.S.C. § 170.

Response: Mr. Carney submits the enclosed documents (CARNEY-SFC_0000000X to CARNEY-SFC_00000XXX) in response to this question. These materials comprise all of the baseline reports prepared for the identified entities.

* * *

Andrew Kyle Carney
Response to March 27, 2019 SFC Inquiry
Summary Sheet

	Project	Location	Year	Acres	Offering Amount	Manager	Broker/Dealer:	Land Trust	Federal Exemption	State Exemption	Appraiser	Highest and Best Use Appraised Value	Post-Easement Appraised Value	Est. Contribution Value
1	Brushy Hollow Investments, LLC	Humphreys County, TN	2016	1,029.00	\$ 1,885,950.00	Southern Land Protectors, LLC	None	Foothills Land Conservancy	Reg D, Rule 506	Preempted	Dave Roberts	\$ 10,286,000.00	\$ 659,000.00	\$ 9,627,000.00
2	Cherokee 389 Investments, LLC	Cherokee County, AL	2015	389.00	\$ 1,401,400.00	Georgia Conservation Partners, LLC	None	North American Land Trust	Reg D, Rule 506	Preempted	Ray Veal	\$ 7,000,000.00	\$ 490,000.00	\$ 6,510,000.00
3	Cub Creek Preserve Investments, LLC	Decatur County, TN	2016	1,380.13	\$ 3,242,250.00	Southern Land Protectors, LLC	None	Foothills Land Conservancy	Reg D, Rule 506	Preempted	Dave Roberts	\$ 16,561,000.00	\$ 879,000.00	\$ 15,682,000.00
4	Dry Mill Creek Investments, LLC	Clay, Overton Counties, TN	2016	1,147.38	\$ 2,806,650.00	Southern Land Protectors, LLC	None	Foothills Land Conservancy	Reg D, Rule 506	Preempted	Dave Roberts	\$ 13,815,000.00	\$ 871,000.00	\$ 12,944,000.00
5	Ginn Creek Investments, LLC	Perry County, TN Humphreys County, TN	2016	1,081.06	\$ 2,673,000.00	Southern Land Protectors, LLC; Capital Conservation Consultants, LLC	None	Foothills Land Conservancy	Reg D, Rule 506	Preempted	Dave Roberts	\$ 14,054,000.00	\$ 704,000.00	\$ 13,350,000.00
6	Little Pumpkin Creek Investments, LLC	Perry County, TN Humphreys County, TN	2016	1,209.38	\$ 3,712,500.00	Southern Land Protectors, LLC	None	Foothills Land Conservancy	Reg D, Rule 506	Preempted	Ron Foster	\$ 18,470,000.00	\$ 1,209,360.00	\$ 17,260,000.00
7	Little Pumpkin Creek North Investments, LLC	Perry County, TN Humphreys County, TN	2016	1,287.13	\$ 3,994,650.00	Southern Land Protectors, LLC	None	Foothills Land Conservancy	Reg D, Rule 506	Preempted	Ron Foster	\$ 20,000,000.00	\$ 1,287,130.00	\$ 18,711,000.00
8	Rabbit Bar Point Investments, LLC	Effingham County, Georgia	2015	1,073.00	\$ 3,420,450.00	Georgia Conservation Partners, LLC	None	North American Land Trust	Reg D, Rule 506	Preempted	Ron Foster	\$ 15,954,053.00	\$ 1,073,000.00	\$ 15,000,000.00
9	River Ridge Retreat Investments, LLC	Screven County, Georgia	2015	1,158.00	\$ 3,319,965.00	Southern Conservation Group, LLC	None	North American Land Trust	Reg D, Rule 506	Preempted	Ron Foster	\$ 16,172,391.00	\$ 1,153,000.00	\$ 15,000,000.00
10	Roan Creek Investments, LLC	Perry County, TN	2016	1,530.62	\$ 2,900,700.00	Southern Land Protectors, LLC	None	Foothills Land Conservancy	Reg D, Rule 506	Preempted	Dave Roberts	\$ 16,837,000.00	\$ 964,000.00	\$ 15,873,000.00
11	Storey Hollow Investments, LLC	Humphreys County, TN	2016	1,110.42	\$ 2,034,450.00	Southern Land Protectors, LLC	None	Foothills Land Conservancy	Reg D, Rule 506	Preempted	Dave Roberts	\$ 11,104,000.00	\$ 708,000.00	\$ 10,396,000.00
12	Tom's Mountain Creek Investments, LLC	Perry County, TN	2016	1,031.80	\$ 1,910,700.00	Southern Land Protectors, LLC	None	Foothills Land Conservancy	Reg D, Rule 506	Preempted	Dave Roberts	\$ 10,318,000.00	\$ 661,000.00	\$ 9,657,000.00

Andrew Kyle Carney
Response to Request #2

	Project	a.	b.	c.	d.	e.	f.	g.	h.	i.
1	Brushy Hollow Investments, LLC	11/8/2016	11/16/2016	Attached	12/20/2016	12/22/2016	Foothills Land Conservancy	\$ 9,627,000.00	16	\$ 1,885,950.00
2	Cherokee 389 Investments, LLC	6/1/2015	6/25/2015	Attached	11/18/2015	12/23/2015	North American Land Trust	\$ 6,510,000.00	37	\$ 1,401,400.00
3	Cub Creek Preserve Investments, LLC	8/29/2016	11/10/2016	Attached	12/20/2016	12/28/2016	Foothills Land Conservancy	\$ 15,682,000.00	63	\$ 3,242,250.00
4	Dry Mill Creek Investments, LLC	10/26/2016	11/10/2016	Attached	12/22/2016	12/29/2016	Foothills Land Conservancy	\$ 12,944,000.00	27	\$ 2,806,650.00
5	Ginn Creek Investments, LLC	6/13/2016	2/11/2016	Attached	7/13/2016	12/2/2016	Foothills Land Conservancy	\$ 13,350,000.00	50	\$ 2,673,000.00
6	Little Pumpkin Creek Investors, LLC	10/15/2015	10/21/2015	Attached	9/2/2016	12/2/2016	Foothills Land Conservancy	\$ 17,260,000.00	47	\$ 3,712,500.00
7	Little Pumpkin Creek North Investments, LLC	6/16/2016	6/17/2016	Attached	11/28/2016	12/2/2016	Foothills Land Conservancy	\$ 18,711,000.00	4	\$ 3,994,650.00
8	Rabbit Bar Point Investments, LLC	4/17/2015	12/29/2014	Attached	12/30/2015	12/30/2015	North American Land Trust	\$ 15,000,000.00	75	\$ 3,420,450.00
9	River Ridge Retreat Investments, LLC	5/4/2015	5/15/2015	Attached	10/5/2015	10/15/2015	North American Land Trust	\$ 15,000,000.00	54	\$ 3,319,965.00
10	Roan Creek Investments, LLC	10/28/2016	12/8/2016	Attached	12/28/2016	12/28/2016	Foothills Land Conservancy	\$ 15,873,000.00	44	\$ 2,900,700.00
11	Storey Hollow Investments, LLC	11/8/2016	12/16/2016	Attached	12/20/2016	12/28/2016	Foothills Land Conservancy	\$ 10,396,000.00	15	\$ 2,034,450.00
12	Tom's Mountain Creek Investments, LLC	8/29/2016	12/23/2015	Attached	12/20/2016	12/28/2016	Foothills Land Conservancy	\$ 9,657,000.00	37	\$ 1,910,700.00

Key:

- a. Date(s) the partnership or pass-through entity(s) was formed
- b. Date(s) the partnership or pass-through entity(s) acquired the real property and the cost(s) of acquiring the real property involved,
- c. A description of the real property as recorded in local land and real property tax records,
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- h. Total number of investors in each entity
- i. Total equity investments by all partners to the entity