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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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July 31, 2025

The Honorable Billy Long
Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Dear Commissioner Long:

I write regarding the failure of the Internal Revenue Service (“IRS”) to audit or investigate suspicious transactions involving alleged tax planning work performed by Jeffrey Epstein. Epstein was paid hundreds of millions of dollars between 2012 to 2017 for purported tax “solutions,” money that government authorities stated was used to fund Epstein’s sex trafficking operation.¹ Epstein lacked any professional training or certifications in accounting or tax law, yet was chosen by very wealthy people to execute very complex tax-related financial transactions. Despite this glaring lack of qualifications that might lead anyone to double check Epstein’s work, it appears that the IRS failed over the course of many years to audit major tax transactions involving Epstein. In fact, an investigation by my Finance Committee staff has confirmed that certain highly complicated tax arrangements between Epstein and one of his billionaire funders have never been audited by the IRS.²

As you know, for almost four years my staff have been conducting an investigation into the financing of Epstein’s sex trafficking operation.³ This investigation included a review of more than \$158

¹ Settlement Agreement and Release entered into between the Government of the U.S. Virgin Islands and Leon Black on January 20, 2023 (“WHEREAS, Jeffrey Epstein used the money Black paid him to partially fund his operations in the Virgin Islands.”)

² Memorandum submitted on behalf of Leon Black by Paul, Weiss, Rifkind, Wharton & Garrison LLP to Senator Ron Wyden, Chairman, Senate Finance Committee, Feb. 21, 2023 3 (at pg. 4: “Mr. Black confirms that it is his understanding that the 2006 GRATS have not been reviewed by the Internal Revenue Service as part of an audit”, “Mr. Black confirms that it is his understanding that the remainder trust has not been reviewed by the Internal Revenue Service as part of an audit.”)

³ *Wyden Unveils Ongoing Investigation Into Private Equity Billionaire Leon Black’s Tax Planning and Financial Ties With Jeffrey Epstein*, United States Senate Committee on Finance, Jul. 25, 2023, online at <https://www.finance.senate.gov/chairemans-news/wyden-unveils-ongoing-investigation-into-private-equity-billionaire-leon-blacks-tax-planning-and-financial-ties-with-jeffrey-epstein>

million that Wall Street financier Leon Black paid to Jeffrey Epstein between 2012 and 2017 for Epstein's role devising an alleged tax "solution" for a defective trust. This helped Black avoid more than \$1 billion in future estate tax liabilities.⁴

Black has stated that he sought Epstein's help because he was receiving undisclosed sums from Apollo Global Management partnership interests he had represented to the IRS he no longer owned, and Black was concerned that these assets, now worth billions, would be included in his taxable estate.⁵ The failure to resolve this issue would have cost Black over \$1 billion in state and federal estate taxes.⁶

To date there has not been a satisfactory explanation why Epstein was chosen to devise the "mutual release" of claims strategy necessary to cure for the defective trust. Furthermore, I question whether Black's previous counsel, arguably the best tax and estate planning attorney on Wall Street, would botch the execution of this structure in such a manner that would require Jeffrey Epstein to fix it.⁷

Information provided to the Finance Committee by Black's attorneys also creates an inconsistent narrative as to the scope and value of the tax planning services Epstein allegedly have provided. Specifically, Black's attorneys minimized Epstein's involvement in a step-up basis transaction for which Epstein was paid \$20 million. Black's attorneys stated that Epstein's ideas for the transaction were "in the public domain and originated with Black's other legal advisors. Nevertheless, Epstein tried to take credit for the idea and secure compensation."⁸ Black's attorneys also claimed that in numerous instances "not all of Epstein's advice was useful"; and that Epstein's advice was "vetted consistently by Blacks' other advisors, including Family Office employees, Paul Weiss, and other outside legal, accounting, and tax professionals."⁹

Perhaps most glaring, the majority of the payments from Black to Epstein, approximately \$100 million, were made on an "ad hoc" basis without any form of written contract or business services agreement.¹⁰ Such an unusual arrangement is incongruent with a legitimate professional services contract.

⁴ Memorandum submitted on behalf of Leon Black by Paul, Weiss, Rifkind, Wharton & Garrison LLP to Senator Ron Wyden, Chairman, Senate Finance Committee, Jan. 16, 2023

⁵ *Id.*

⁶ *Id.*

⁷ *What Jeffrey Epstein Did to Earn \$158 million from Leon Black*, The New York Times, Jan. 26, 2021, online at <https://www.nytimes.com/2021/01/26/business/jeffrey-epstein-leon-black-apollo.html>

⁸ Memorandum submitted on behalf of Leon Black by Paul, Weiss, Rifkind, Wharton & Garrison LLP to Senator Ron Wyden, Chairman, Senate Finance Committee, Jan. 16, 2023 (at pg. 5: "Finally, the question assumes that Mr. Epstein formulated this proposal. This idea was in the public domain and originated with his other legal advisors. Nevertheless, Mr. Epstein tried to take credit for the idea and secure compensation.")

⁹ Apollo Global Management, Inc. Investigation of Epstein/Black Relationship and Any Relationship Between Epstein and Apollo Global Management, available online at <https://www.sec.gov/Archives/edgar/data/1411494/000119312521016405/d118102dex991.htm> (At pg. 3, "not all of Epstein's advice was useful"; at page 4, "such advice was vetted consistently by Blacks' other advisors, including Family Office employees, Paul Weiss, and other outside legal, accounting, and tax professionals"; at page 11, "[Mr. Epstein's] ideas would appear plausible at face value, but did not hold up under scrutiny"; at page 17, "Black was under the misconception that his payments to Epstein would be tax deductible ('sixty cent dollars') because this is what Epstein had told Black.")

¹⁰ Apollo Global Management, Inc. Investigation of Epstein/Black Relationship and Any Relationship Between Epstein and Apollo Global Management, available online at <https://www.sec.gov/Archives/edgar/data/1411494/000119312521016405/d118102dex991.htm> (At pg. 16: "Starting in 2014, Black began to pay Epstein for his ongoing services on an ad hoc basis, without negotiating written service agreements. In total, Black paid Epstein \$70 million in 2014 and \$30 million in 2015. Of

The idea that a prominent Wall Street billionaire would be simply cough up \$100 million to Jeffrey Epstein without any supporting documentation is suspect..

I can't help but question whether this case was legitimate tax planning, or if Black felt obligated to make these payments to Epstein for unstated reasons. Epstein was paid amounts that far exceeded what Black paid other professional advisors involved in his tax and estate planning, which includes some of the most renowned legal counsel in the nation.¹¹ At an annualized rate of \$34 million per year, Epstein's compensation was double the median CEO pay for Fortune 500 companies.¹² These payments were well in excess of expected compensation for tax and estate planning services – particularly in a case where Epstein's work had to be vetted by other legal and accounting professionals, at times was not viewed as useful, and included instances of substantial misrepresentations of tax laws.¹³

Despite Epstein's extraordinary compensation scheme and other obvious irregularities with this arrangement, Black's attorneys confirmed in writing to my investigators that these transactions have "not been reviewed by the Internal Revenue Service as part of an audit."¹⁴ This is disturbing, especially considering that admissions made in the U.S. Virgin Islands that this money was used to fund Epstein's sex trafficking operations.¹⁵ It is unthinkable that transactions amounting to tens of millions of dollars paid to a known criminal for the purpose of helping a mega-wealthy individual dodge billions in taxes were never audited or investigated.

When Americans think the system is rigged, this is the kind of abuse they think about. While average Americans are regularly audited, it appears that the IRS will simply look the other way in cases involving billionaires. In fact, as the IRS under your watch slashes oversight of tax planning by the rich and powerful, suspect schemes like this will only become more prevalent. The Trump administration has

these amounts, Black attributed \$20 million to Epstein's work on the step-up basis transaction and attributed the remainder to the various other matters including his advice about estate, tax planning, tax audits, and filings, managing Black's artwork, Family Office management, and advice regarding Black's yacht and airplane as set forth above.")

¹¹ Apollo Global Management, Inc. Investigation of Epstein/Black Relationship and Any Relationship Between Epstein and Apollo Global Management, available online at <https://www.sec.gov/Archives/edgar/data/1411494/000119312521016405/d118102dex991.htm> (At pg. 17: "It is clear that the compensation paid by [Leon] Black to Epstein far exceeded any amounts Black paid to his other professional advisors.")

¹² <https://finance.yahoo.com/news/top-10-highest-paid-ceos-110400063.html>

¹³ Apollo Global Management, Inc. Investigation of Epstein/Black Relationship and Any Relationship Between Epstein and Apollo Global Management, available online at <https://www.sec.gov/Archives/edgar/data/1411494/000119312521016405/d118102dex991.htm> (At pg. 3, "not all of Epstein's advice was useful"; at page 4, "such advice was vetted consistently by Blacks' other advisors, including Family Office employees, Paul Weiss, and other outside legal, accounting, and tax professionals"; at page 11, "[Mr. Epstein's] ideas would appear plausible at face value, but did not hold up under scrutiny"; at page 17, "Black was under the misconception that his payments to Epstein would be tax deductible ('sixty cent dollars') because this is what Epstein had told Black.")

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¹⁵ Settlement Agreement and Release entered into between the Government of the U.S. Virgin Islands and Leon Black on January 20, 2023 ("WHEREAS, Jeffrey Epstein used the money Black paid him to partially fund his operations in the Virgin Islands.")

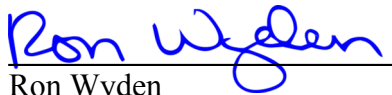
successfully pushed out over a quarter of its Revenue Agents,¹⁶ and proposed to cut 50 percent of the IRS's enforcement resources next year.¹⁷ Revenue Agents are the difficult-to-replace employees with the specialized skills needed to audit billionaires like Epstein and Black.

In order to better understand the full scope of the financing of Epstein's sex trafficking operation and the extent to which the IRS, including, as appropriate, the IRS Criminal Investigation team, has reviewed these transactions, please provide the following information no later than September 1, 2025:

- A list of all audits or investigations conducted by the IRS related to transactions involving Jeffrey Epstein, including any payments to Jeffrey Epstein for tax planning. Please also provide the status of those investigations and the end result of the audit.
- A determination as to whether the IRS has evaluated the full scope of any so-called tax planning Epstein provided to wealthy and powerful associates.
- An analysis of whether, at any point in the last 8 years, Epstein's tax planning has been evaluated by IRS professionals and whether the IRS has determined whether the value of the services he appropriately matched his reported compensation.

Thank you for your attention to this important matter. Should you have any questions or wish to discuss this request, please do not hesitate to contact me or my staff.

Sincerely,



Ron Wyden
United States Senator
Ranking Member, Committee
on Finance

¹⁶ Treasury Inspector General for Tax Administration, Snapshot Report: IRS Workforce Reductions as of May 2025, Rept. No. 2025-IE-R027, July 18, 2025, <https://www.tigta.gov/sites/default/files/reports/2025-07/2025ier027fr.pdf>

¹⁷ Tax Law Center, The Trump Administration's Proposed IRS Cuts Would Declare Open Season for High-End Tax Evasion and Deny Americans Modern Taxpayer Services, June 24, 2025, <https://taxlawcenter.org/blog/the-trump-administrations-proposed-irs-cuts-would-declare-open-season-for-high-end-tax-evasion-and-deny-americans-modern-taxpayer-services>