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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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April 29, 2026

Jarod Koopman
Chief Tax Compliance Officer
Internal Revenue Service
1111 Constitution Avenue NW
Washington, D.C. 20224

Dear Mr. Koopman,

I write to refer to the Internal Revenue Service (“IRS”) information about legal opinions written by attorneys Jeffrey Rubinger and Summer LePree for ultra-wealthy investors related to the use of Puerto Rico Act 60 tax incentives. I am concerned that numerous investors used these legal opinions from Rubinger and LePree to avoid federal income taxes on large capital gains that accrued prior to relocating to Puerto Rico.

Investigators from my staff at the Senate Committee on Finance have confirmed that for the 2022 tax year, billionaire ██████████ received a legal opinion from Rubinger and LePree regarding the tax treatment of a large gain from the sale of partnership interests under Section 933 of the Internal Revenue Code.¹ As you are aware, Rubinger and LePree are partners at a major international law firm that is currently under criminal investigation by the Department of Justice (“the DOJ”) and IRS Criminal Investigation (“IRS CI”) for its role in abusive tax schemes by wealthy U.S. taxpayers relocating to Puerto Rico.² It appears that the U.S. Attorney’s Office in Miami issued grand jury subpoenas to Rubinger and LePree’s former employer asking for all records related to their involvement in “Puerto Rico tax planning structures.”³

¹ Investigators from my staff have confirmed that for the 2022 tax year, ██████████’s tax advisor obtained a legal opinion from Jeffrey Rubinger and Summer Lepree, at the time partners at Baker McKenzie. The legal opinion was related to income tax treatment on gain from the sale of partnership interests under Section 933 of the internal revenue code (income from sources within Puerto Rico).

² <https://news.bloombergtax.com/daily-tax-report-state/baker-mckenzie-pulled-into-us-probe-of-puerto-rico-tax-abuses>

³ *Id.*

Additionally, whistleblowers have alleged that [REDACTED] and other wealthy individuals used legal opinions obtained from Rubinger and LePree to avoid over \$100 million dollars in federal taxes on capital gains that accrued while they still lived in U.S. states. This is alarming, especially since clients of Rubinger and LePree have acknowledged their participation in schemes involving the abuse of Puerto Rico Act 60 tax incentives.⁴

Background

As Chairman and now Ranking Member of the Senate Committee on Finance, I have been conducting an investigation of compliance with federal tax law by ultra-high net worth U.S. persons who have established residency in Puerto Rico and obtained an Act 60 tax exemption (hereafter “PR tax grant”). This investigation is examining situations where U.S. taxpayers with appreciated property, owned directly or indirectly through an entity, (i) move to Puerto Rico, (ii) establish residency, (iii) obtain a PR tax grant, and (iv) sell the appreciated property claiming that the gain on the sale of the appreciated property is Puerto Rican source income not subject to U.S. tax. This is a serious misapplication of U.S. tax laws and results in significant underreporting and underpayment of U.S. taxes.

Notably, Treas. Reg. §1.937-2(f)(1)(iii)(B) specifically provides that gains from dispositions of appreciated property within 10 years after becoming a bona fide resident of Puerto Rico generally are treated as non-Puerto Rican-source income.⁵ This was also confirmed by officials from Puerto Rico’s Departamento de Hacienda, who also clarified that net capital gains attributable to the appreciation in the value of securities (asset) accrued before the individual investor became a resident of Puerto Rico will be considered income from sources outside of Puerto Rico.⁶

Allegations regarding [REDACTED]’s sourcing of income to Puerto Rico

Over the course of this investigation, my staff received information regarding a large transaction involving [REDACTED] and [REDACTED] ([REDACTED]), a [REDACTED] firm founded by [REDACTED] focused on [REDACTED] and [REDACTED]

⁴ <https://www.justice.gov/usao-sdfl/pr/investor-pleads-guilty-filing-false-form-irs-shield-30-million-capital-gains-under>

⁵ Treas. Reg. §1.937-2(j) provides that Code §318(a)(2) applies to the entirety of Treas. Reg. §1.937-2 and that investment property owned by a partnership is considered as owned by its partners. The investment property owned by the partnership prior to a partner moving to Puerto Rico would be subject to U.S. tax and gain on a disposition of that investment property would be treated, in whole or in part as non-Puerto Rican-source income.

⁶ Email from [REDACTED], [REDACTED] Departamento de Hacienda, Gobierno de Puerto Rico to Patricio Gonzalez, Senior Investigator, Senate Committee on Finance, Jun. 23, 2025 (“Act 45-2017 (Act 45) introduced various amendments to Acts 20 and 22 (consolidated into Act 60). Specifically, Act 45 amended the provisions of Article 5(a) of Act 22 to clarify that, effective for taxable years commenced after December 31, 2016, net capital gains attributable to the appreciation in the value of securities (asset) accrued before the individual investor became a resident of Puerto Rico will be considered income from sources outside of Puerto Rico.”)

[REDACTED] Prior to relocating to Puerto Rico in [REDACTED], [REDACTED] was a longtime resident of [REDACTED]. [REDACTED] obtained a Puerto Rico Act 60 tax exemption in [REDACTED].⁷

My staff received information from a whistleblower indicating that shortly after [REDACTED] relocated to Puerto Rico in [REDACTED], [REDACTED] sold a large position and generated capital gains in excess of \$1 billion. The whistleblower claimed that [REDACTED]'s share of flow-through gain on an IRS Schedule K-1 reported by [REDACTED] was hundreds of millions of dollars. It was also alleged that [REDACTED] treated this entire flow-through gain as exempt from U.S. tax, even though a large share of these gains accrued prior to [REDACTED]'s relocation to Puerto Rico. The whistleblower alleges that [REDACTED] used this maneuver to improperly avoid over \$100 million in federal taxes on gains that accrued while [REDACTED] still lived in [REDACTED].

Last year, I sent [REDACTED] asking [REDACTED] to clarify the tax treatment of these transactions. The first letter was sent privately to [REDACTED] on [REDACTED]. After [REDACTED] [REDACTED] from my staff, I followed up with a [REDACTED] to [REDACTED] on [REDACTED].⁹

The [REDACTED] sent to [REDACTED] in [REDACTED] resubmitted my questions and included new information concerning the conduct of attorneys involved in the alleged scheme. My investigators have discovered that [REDACTED] was advised on the tax treatment of the flow-through gain by Jeffrey Rubinger, a Miami-based attorney who is under federal investigation for advising wealthy taxpayers that built-in gains accrued prior to becoming a resident of Puerto Rico could be exempt from federal taxes.¹⁰

Existence of legal opinions from attorneys under criminal investigation for abuse of Puerto Rico tax incentives

An investigation by my staff was able to corroborate several claims made by whistleblowers to the Senate Committee on Finance. For example, my staff confirmed with multiple sources that in 2022, [REDACTED]'s tax advisor obtained a legal opinion from Rubinger and LePree related to income tax treatment on gains from the sale of partnership interests under

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[REDACTED]

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[REDACTED]

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[REDACTED]

<https://news.bloombergtax.com/daily-tax-report-state/baker-mckenzie-pulled-into-us-probe-of-puerto-rico-tax-abuses>

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[REDACTED]

Section 933 of the tax code (sourcing of income to Puerto Rico). However, questions remain regarding how much income the transaction(s) generated, when the assets were first purchased, and how much of the flow-through gains were treated as Puerto Rican-source income exempt from U.S. tax.

The confirmation of Rubinger and LePree's involvement in this transaction is significant. Public reports indicate that Rubinger and LePree are the subject or target of a criminal investigation regarding their work advising clients on Puerto Rican tax planning structures while at Baker McKenzie.¹² In fact, a spokesperson for Baker McKenzie confirmed that it received a grand jury subpoena from the U.S. Attorney's Office in Miami pertaining the work of Rubinger and LePree as it relates to "Puerto Rican Tax Planning Structures."¹³

Additionally, investigators from my staff have already established that Rubinger provided inaccurate legal opinions to other clients involving abuse of Puerto Rico Act 60 incentives. For example, my investigators have confirmed that Rubinger is "Attorney 1" in federal court filings concerning Suresh Gajwani, a taxpayer that recently pled guilty to a tax fraud scheme involving the misuse of Puerto Rico Act 60 incentives in order to evade taxes on \$30 million in capital gains.¹⁴ According to federal court records, Rubinger provided Gajwani an opinion that "built-in capital gains for U.S. residents accrued prior to becoming a resident of Puerto Rico could be exempt from federal income taxes under Act 60."¹⁵ It also appears that the IRS later advised Rubinger that his "position(s) in his opinion letter were wrong."¹⁶

Rubinger and LePree's established history of providing clients inaccurate legal opinions related to Puerto Rico Act 60 raises significant concerns about the sourcing of income for transactions involving [REDACTED] and other wealthy taxpayers who have relocated to Puerto Rico.

Concerns about tax treatment of transactions advised by attorneys Rubinger and LePree

As you know, the IRS is undertaking several enforcement efforts related to the abuse of Puerto Rico Act 60 incentives by wealthy taxpayers. These include a major campaign by IRS LB&I and numerous criminal investigations by IRS CI in collaboration with the DOJ.¹⁷ The IRS

¹² <https://news.bloombergtax.com/daily-tax-report-state/baker-mckenzie-pulled-into-us-probe-of-puerto-rico-tax-abuses>

¹³ *Id.*

¹⁴ Committee investigators have confirmed from multiple sources familiar with the matter that Jeffrey Rubinger of Winston & Strawn LLP is "Attorney 1" in the indictment of Suresh Gajwani. According to the Gajwani indictment (Case 1:25-cr-20117-CMA, Document 1) at pg. 3: "SURESH GAJWANI obtained an opinion letter from Attorney 1 stating that (a) income earned by a U.S.-based S Corporation could be sourced to Puerto Rico and exempt from capital gains taxes and (b) built-in capital gains for U.S. residents accrued prior to becoming a resident of Puerto Rico could be exempt from federal income taxes under Act 60. IRS senior representatives later advised Attorney 1 that both positions in his opinion letter were wrong."

¹⁵ *Id.*

¹⁷ <https://www.irs.gov/businesses/corporations/lbi-active-campaigns>; <https://www.justice.gov/usao-sdfl/pr/investor-pleads-guilty-filing-false-form-irs-shield-30-million-capital-gains-under>; <https://news.bloombergtax.com/daily-tax-report-state/baker-mckenzie-pulled-into-us-probe-of-puerto-rico-tax-abuses>

is appropriately seeking to determine whether individuals who have relocated to Puerto Rico are misusing Puerto Rico Act 60 to shelter billions of dollars in income from U.S. taxes. My understanding is that there are dozens of ultra-wealthy investors who received dubious advice from partners at major law firms. Mr. Rubinger and Ms. LePree have been partners at Baker McKenzie and now Winston & Strawn, both major international law firms that cater primarily to large corporations and high net worth clients.

Accordingly, I refer the following concerns about compliance with federal tax laws for further review by the IRS:

1. The accuracy of all legal opinions provided by Jeff Rubinger and Summer LePree to [REDACTED] and other wealthy taxpayers related to Puerto Rico Act 60, section 933 or 937 of the Internal Revenue Code, or any other aspect of compliance with U.S. federal tax law arising from [REDACTED]'s residency in Puerto Rico since [REDACTED]
 2. Whether any legal opinions Jeff Rubinger and Summer LePree provided [REDACTED] and other wealthy taxpayers inaccurately advised that built-in capital gains for U.S. residents accrued prior to becoming a resident of Puerto Rico could be exempt from federal income taxes under Puerto Rico Act 60.
 3. Whether for the 2022 tax year, [REDACTED] and other wealthy beneficiaries of Puerto Rico Act 60 paid U.S. federal income taxes on flow-through gains from assets that were acquired prior to [REDACTED]'s relocation to Puerto Rico in [REDACTED]. For example, in any instances where [REDACTED] took a large position in [REDACTED] (including [REDACTED]) prior to 2021, whether [REDACTED] paid taxes on capital gains that accrued on those assets while he lived in [REDACTED] (e.g., [REDACTED] took a large position in [REDACTED] in 2015 while [REDACTED] lived in [REDACTED] and then sold those assets in 2022, [REDACTED] should have paid U.S. income taxes on any flow-through gains that accrued between 2015 – 2021.)
 4. A review of how much income [REDACTED] and other wealthy investors have treated as Puerto Rico source income exempt from U.S. tax since under Section 933 or 937 of the tax code since becoming a bona fide resident of Puerto Rico. Specifically, whether U.S. federal tax returns filed by Puerto Rico Act 60 beneficiaries appropriately differentiate and substantiate the portion of capital gains that accrued while he still lived in [REDACTED] vs. those that accrued since he relocated to Puerto Rico.
 5. A review of all valuations of assets held by [REDACTED] or [REDACTED] at the time of [REDACTED]'s establishment of residency in Puerto Rico.
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6. In connection with the ongoing IRS campaign related to Puerto Rico Act 22/60, an examination of all U.S. federal tax returns filed by [REDACTED] and of other partners of [REDACTED] from 2021 – 2025 to determine whether any ultra-high net worth taxpayers are erroneously reporting U.S. source income as Puerto Rico source income for the purposes of avoiding or evading tax.

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

Sincerely,



Ron Wyden

United States Senator
Ranking Member, Committee
on Finance