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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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April 14, 2025

Melanie Krause
Acting Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Acting Commissioner Krause,

We write to call on the Internal Revenue Service (“IRS”) to initiate a criminal investigation of promoters involved in a scheme to sell investors a fraudulent tax shelter known as “Native American Federal Income Tax Credits” or “Sovereign Tribal Tax Credits” (hereafter “tribal tax credits”).¹ As you are aware, the IRS recently confirmed to Senate Finance Committee investigators that these “tribal tax credits” do not exist and that promoters of these credits could face civil and criminal penalties.²

It appears that White River Energy Corporation (“White River”), like other promoters involved in this scheme, used the identity and image of Native American tribes without their knowledge to dupe investors into spending millions to purchase fake tax credits. Given IRS Commissioner nominee Billy Long’s direct financial ties to White River and other entities implicated in this scheme, we are concerned that if confirmed Long could undermine enforcement actions related to this fraudulent scheme.³

¹ *Rich People buy Tax Credits Treasury Says Don’t Exist*, Bloomberg, Dec. 19, 2024, online at

<https://news.bloombergtax.com/daily-tax-report/rich-people-pay-millions-for-tribal-credits-treasury-debunks>

² Email from IRS to Senate Committee on Finance, March 21, 2025: “We can confirm that these tax credits do not exist. Taxpayers who claim credits that don’t exist are subject to penalties and possible examination. Furthermore, promoters of these credits may be subject to civil or criminal penalties.”

³ OGE form 278e financial disclosure report filed by Billy Long on March 21, 2025: At pg. 7 Long disclosed compensation from White River Energy Corporation for a referral to Capitol Edge Strategies LLC, where Long worked as a referral agent. In total, Long disclosed approximately \$65,000 in referral fees for Capitol Edge Strategies, LLC.; *Trump IRS Pick Has Ties to Group That Pushed Dubious Tax Credits*, Bloomberg, Jan. 16, 2025, online at <https://news.bloombergtax.com/daily-tax-report/trump-irs-pick-has-ties-to-group-that-pushed-dubious-tax-credits>

Promoters have made millions selling the “tribal tax credits” scheme to investors

Late last year a series of public reports detailed how financial advisers made tens of millions of dollars selling a “tribal tax credits” scheme to investors.⁴ As part of this scheme, promoters claimed to investors that they had acquired the rights to sell tax credits granted to federally recognized Native American tribes, and that investors could buy these credits and then use those credits to reduce their tax liability.⁵ These promoters also falsely claimed that this tax shelter was authorized under the Indian Self-Determination and Education Assistance Act (ISDEAA).⁶ The reporting identified a series of promoters selling these credits: White River, Nepsis Inc. and subsidiary Nepsis Tax Advisors, LLP, Quartermaster Tax, E3 Family Office and Lifetime Advisors and subsidiary Lifetime Navigators.⁷

Reports also indicate that these “tribal tax credits” sold by promoters were not legally authorized and were potentially a tax scam. In response to the Bloomberg reporting, the Treasury Department stated to Bloomberg that “no such credits exist”.⁸ Additionally, it appears that promoters falsely claimed in marketing materials to investors that they obtained signed agreements with Native American tribes, including the Cherokee Nation.⁹ In response, the Attorney General of the Cherokee Nation sent a cease and desist letter to White River and stated that “The Cherokee Nation did not authorize and is not associated with these tax credits and takes the misuse of its name seriously.”¹⁰ The Attorney General of the Cherokee Nation also stated that he was “actively working in partnership with state and federal agencies to prevent further harm to the victims of this scheme.”¹¹

A review of regulatory filings and marketing documents by promoters of this scheme outlines the extent to which investors were being sold this potentially fraudulent tax shelter. In filings with the U.S. Securities and Exchange Commission (“the SEC”), promoter White River stated that it had made \$24 million from the sale of tribal tax credits and that it had “received an additional \$5,000,000,000 of United States federal income tax credits issued to a Native American tribe.”¹² White River also claimed on SEC filings that it obtained the rights to more than \$64 billion worth of “tribal tax credits” from Native American tribes.¹³

⁴ *Rich People buy Tax Credits Treasury Says Don't Exist*, Bloomberg, Dec. 19, 2024, online at <https://news.bloombergtax.com/daily-tax-report/rich-people-pay-millions-for-tribal-credits-treasury-debunks>

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² Form 10-Q filed by White River Energy corporation with U.S. Securities and Exchange Commission, online at <https://www.sec.gov/Archives/edgar/data/1589361/000149315224010660/form424b3.htm>; Form 8-K filed by White River Energy Corporation with U.S. Securities and Exchange Commission, online at <https://www.sec.gov/Archives/edgar/data/1589361/000149315223046062/form8-k.htm>

¹³ Form 10-Q filed by White River Energy Corporation with U.S. Securities and Exchange Commission, online at <https://www.sec.gov/Archives/edgar/data/1589361/000149315224010085/form10-q.htm>

Finance Committee staff also obtained slide decks prepared by promoter Nepsis Tax Advisors, LLP pitching investors the tribal tax credits scheme.¹⁴ These documents refer to the credits interchangeably as “Native American Federal Income Tax Credits” or “Sovereign Tribal Tax Credits” and claimed that the credits “offset federal income tax dollar for dollar, free of traditional limitations.”¹⁵ These slide decks claimed that these tribal tax credits are “authorized via acts of Congress signed into public law” and “recognized and registered with the Department of Treasury.”¹⁶ These slide decks were also found on the website of promoter Lifetime Navigators and a whistleblower stated to Finance Committee staff that several Lifetime Navigators employees actively tried to sell him on the “tribal tax credits” scheme.

Evidence of fraud by White River and other promoters of the “tribal tax credits” scheme

In response to public reports questioning the validity of the tribal tax credit scheme, Ranking Member Wyden’s Finance Committee staff began an investigation into the matter. As part of that investigation, Senator Wyden’s staff sent an inquiry to the IRS seeking to better understand the legal mechanisms under which White River and other promoters were able to buy and sell these tribal tax credits. This inquiry specifically referenced White River and whether the authority to buy and sell these tax credits was found in the Internal Revenue Code or other federal law.

The IRS provided the following response confirming that White River and other financial advisors pushing these tribal tax credits were promoting a fraudulent tax shelter that did not exist:

“We can confirm that these tax credits do not exist. Taxpayers who claim credits that don’t exist are subject to penalties and possible examination. Furthermore, promoters of these credits may be subject to civil or criminal penalties. The IRS reminds all taxpayers to be aware of tax scams and encourages taxpayers consult with a reputable tax advisor.”¹⁷

This response from the IRS makes abundantly clear that the “tribal tax credits” scheme is nothing more than a scam. The response also suggests that these promoters may have used the identity of Native American tribes without their knowledge and filed false statements with federal government regulators. If these “tribal tax credits” do not in fact exist, this suggests that claims made by White River on SEC filings that it had access to billions in federal income tax credits issued to Native American tribes were willfully false statements. To knowingly make false or misleading statements about a security, including in SEC filings, is a form of securities fraud.

As you are well aware, the IRS regularly works in coordination with the DOJ to successfully prosecute promoters who knowingly sell taxpayers fraudulent tax shelters. Prominent recent examples of promoter fraud cases brought by the DOJ and IRS include the

¹⁴ Slide deck titled “Native American Federal Income Tax Credits” and fact sheet titled “Sovereign Tribal Tax Credits Fact Sheet” prepared by Nepsis Tax Advisors, LLP. Available upon request.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ Email from IRS to Patricio Gonzalez, Senior Investigator, Senate Committee on Finance, March 21, 2025.

widespread abuse of employee retention tax credits, syndicated conservation easements, and preparers who assist clients in filing false returns. Any promoter who knowingly sells clients a fraudulent tax shelter can face a range of criminal charges, including but not limited to: conspiracy to defraud the United States (18 U.S.C. § 371), aiding and assisting in the preparation of false tax returns (26 U.S.C. § 7206(2)), and wire fraud (18 U.S.C. § 1343 and 2).

IRS Commissioner Nominee Billy Long has direct financial ties to various entities involved in the “tribal tax credits” scheme

Several entities implicated in this “tribal tax credits” scheme have direct financial ties to former Congressman Billy Long, the pending nominee to serve as the next Commissioner of the IRS. For example, in his recent financial disclosure report with the Office of Government Ethics, Long disclosed thousands of dollars in compensation from “tribal tax credit” promoter White River for his work as a referral agent for Capitol Edge Strategies, LLC, a financial consulting firm specializing in tax credits.¹⁸ While the exact amount White River paid Long for his referral agent services is currently unclear, White River is the only client Long listed for work on behalf of Capitol Edge Strategies.¹⁹ Since Long disclosed more than \$65,000 in income from Capitol Edge, it is possible that all of that came from work performed for White River.²⁰

In addition to his financial ties to White River, Long also has close financial ties to “tribal tax credit” promoter Lifetime Advisers.²¹ According to public reports, Long did substantial work promoting employee retention tax credits (ERTC) through Lifetime Advisers after he left Congress in 2023.²² Long had arrangements with Lifetime to promote the ERTC to clients and to lobby elected officials in the United States Congress on the ERTC. Even though Long has no professional background in tax preparation and does not appear to be a licensed accountant, attorney, or enrolled agent authorized to represent clients before the IRS, Long appears to have been actively profiting off of the ERTC through partnerships with Lifetime and other tax consulting firms.²³ While details regarding Long’s association with Lifetime remain scarce, public reports indicate that Long is compensated through an agreement where he is paid on a contingency basis for ERTC refunds received by clients he referred to Lifetime.²⁴ Lifetime has not responded to our requests for information concerning Long’s work selling tax credits on the firm’s behalf.²⁵

¹⁸ OGE form 278e financial disclosure report filed by Billy Long on March 21, 2025: At pg. 7 Long disclosed compensation from White River Energy Corporation for a referral to Capitol Edge Strategies LLC, where Long worked as a referral agent. In total, Long disclosed approximately \$65,000 in referral fees for Capitol Edge Strategies, LLC.

¹⁹ *Id.*

²⁰ *Id.*

²¹ *How a Consulting Firm and Trump’s I.R.S. Pick Pushed a Problematic Tax Credit*, The New York Times, Dec. 24, 2024, online at <https://www.nytimes.com/2024/12/24/business/billy-long-irs-tax-credit.html>, *Trump IRS Pick Has Ties to Group That Pushed Dubious Tax Credits*, Bloomberg, Jan. 16, 2025, online at <https://news.bloombergtax.com/daily-tax-report/trump-irs-pick-has-ties-to-group-that-pushed-dubious-tax-credits>

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ *Wyden, Cortez Masto Investigate Billy Long’s Work Promoting Fraud-Ridden Tax Credits to Small Businesses*, Senate Committee on Finance, Dec. 18, 2024, online at <https://www.finance.senate.gov/chairmans-news/wyden->

Following the announcement of Billy Long's nomination, a whistleblower contacted Finance Committee staff to disclose that several Lifetime employees contacted him personally pitching the "tribal tax credits" scheme. The Lifetime employees involved in this pitch were the firm's founder Jon LaCasse and his daughter Payton LaCasse, who also works at the firm. The claims from this whistleblower matched public reports that Lifetime employees were acting as a "sub distributor" of the "tribal tax credits" on behalf of other promoters, including Nepsis, Inc. and White River, and were actively pitching the scheme to potential clients.²⁶

Public reports indicate that Lifetime employees showed potential clients purchase receipts showing they had bought "tribal tax credits" from White River and the Lifetime employees were hawking the scheme on LinkedIn.²⁷ Finance Committee investigators were also able to independently verify reports that Lifetime's website is actively hosting documents related to the "tribal tax credits" scheme, including the Nepsis slide decks referenced above.

While it is unclear what role, if any, Billy Long played in promoting the "tribal tax credits" scheme, the prospect that an individual nominated to run the IRS is close business partners with promoters engaged in such a brazen tax scam is deeply disturbing. White River and Lifetime's business ties to Long heighten our concerns that enforcement action related to this fraudulent scheme could be undermined by political interference or fear of reprisal.

Conclusion

Promoters engaged in fraudulent "tribal tax credits" schemes must face criminal consequences. The IRS must promptly investigate this matter to send the message that no one is above the law, regardless of whether they have powerful friends in high places. We also ask that you provide us a briefing on any ongoing enforcement efforts that may be ongoing in relation to the "tribal tax credits" scheme. It is intolerable for promoters to effectively steal the identity of Native American tribes to hawk a fraudulent tax shelter that the IRS has confirmed doesn't even exist.

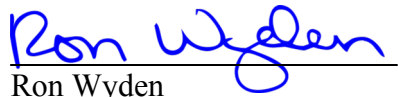
Thank you for your attention to this important matter. Should you have any questions please do not hesitate to contact us or members of our staff.

Sincerely,

[cortez-masto-investigate-billy-longs-work-promoting-fraud-ridden-tax-credits-to-small-businesses](#)

²⁶ *Trump IRS Pick Has Ties to Group That Pushed Dubious Tax Credits*, Bloomberg, Jan. 16, 2025, online at <https://news.bloombergtax.com/daily-tax-report/trump-irs-pick-has-ties-to-group-that-pushed-dubious-tax-credits>

²⁷ *Id.*



Ron Wyden
United States Senator
Ranking Member, Committee
on Finance



Catherine Cortez Masto
United States Senator