

**Congress of the United States**  
Washington, DC 20510

February 18, 2022

Richard K. Delmar  
Deputy Inspector General  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

J. Russell George  
Treasury Inspector General for Tax Administration  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

Dear Deputy Inspector General Delmar and Inspector General George:

We write regarding disturbing reports about the corrupt revolving door between the world’s largest accounting firms and the Treasury Department—and the extent to which this “remarkably effective behind-the-scenes system” “help[s] the world’s biggest companies avoid taxes.”<sup>1</sup> On September 19, 2021, the *New York Times* exposed how large accounting firms send their lawyers into high-ranking positions in the federal government to create new tax loopholes for their clients, and then reward the same lawyers with bigger paychecks and promotions upon their return. Following our own investigation that has corroborated these allegations and raised new concerns about the accounting giants that take advantage of these revolving-door schemes, we urge you to immediately open an inquiry into this matter.

Accounting giants are abusing the public trust and taking advantage of the revolving door between public service and private profit. The *Times* report revealed that, in the last four presidential administrations, dozens of lawyers have left the top accounting firms for tax-policy positions in the Treasury Department and the Internal Revenue Service (IRS)—where they have rewritten America’s tax laws for the benefit of their former clients. Once they return after their stints in government to work for those same clients, they receive promotions and massive salary increases in exchange for their “public service.”<sup>2</sup> In one instance, Deloitte and PricewaterhouseCoopers (PwC) designed a lucrative new tax shelter for multinational corporations, which was placed at risk when the Treasury Department issued a warning notice to shut down the scheme. But several years later, a former Deloitte attorney entered the Treasury Department, and his office issued new regulations to ease the path for companies shifting their

---

<sup>1</sup> New York Times, “How Accounting Giants Craft Favorable Tax Rules From Inside Government,” Jesse Drucker and Danny Hakim, September 19, 2021, <https://www.nytimes.com/2021/09/19/business/accounting-firms-tax-loopholes-government.html>.

<sup>2</sup> *Id.*

profits offshore to avoid U.S. taxes. The attorney soon returned to Deloitte and was immediately promoted to partner.<sup>3</sup>

In response to these revelations, we wrote to the Treasury Department<sup>4</sup> and America's five biggest accounting firms<sup>5</sup>—Deloitte, Ernst & Young, KPMG, PwC, and RSM—to better understand the scope of these corrupt schemes. The responses were disappointing, with none of the firms providing full and complete information about the roles of their employees in government service or the rewards that the firms, their clients, and their employees obtained from this service.

Firms offered a number of excuses for their failure to provide information. One indicated that they “do[] not track this information in the normal course of ... business” and told us that they were “precluded by legal, confidentiality, and privacy considerations from sharing data regarding specific personnel, clients, and compensation.”<sup>6</sup> Another indicated that they “treat[] as confidential client information and the nature of our client representations.”<sup>7</sup> Others gave no explanation whatsoever for their refusal to provide information necessary to determine if key tax policies were affected by their employees' conflicts of interest.<sup>8</sup>

Collectively, the five firms did tell us that, since January 1, 2001, at least 24 employees left their companies to take tax-policy positions in the federal government and returned to the companies afterward, with many receiving promotions, raises, or both upon their return.<sup>9</sup> These disclosures corroborate the *Times*'s reporting. The firms indicated that their staff who revolved into the Treasury Department served in high-level positions, including individuals who served as International Tax Counsel, Deputy Assistant Secretary, and Assistant Secretary for Tax Policy. The firms also confirmed that many of the individuals who went through the revolving door and returned to the private sector received significant promotions: for example, one left as a Senior Manager and returned as a Managing Director; another left as a Managing Director and returned as a Principal; and another left as a leader of the firm's Washington Tax Team and returned as a Partner.<sup>10</sup>

---

<sup>3</sup> *Id.*

<sup>4</sup> Questions for the record on file with the Office of Senator Warren.

<sup>5</sup> Letter from Senator Elizabeth Warren and Representative Pramila Jayapal to Accounting Firms, October 5, 2021, <https://www.warren.senate.gov/imo/media/doc/2021.10.5%20Letters%20to%20Accounting%20Firms%20on%20Revolving%20Door.pdf>.

<sup>6</sup> Letter from PwC to Senator Elizabeth Warren and Representative Pramila Jayapal, October 19, 2021, [https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses\\_Redacted.pdf](https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses_Redacted.pdf).

<sup>7</sup> Letter from KPMG to Senator Elizabeth Warren and Representative Pramila Jayapal, October 19, 2021, [https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses\\_Redacted.pdf](https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses_Redacted.pdf).

<sup>8</sup> Letter from EY to Senator Elizabeth Warren and Representative Pramila Jayapal, October 19, 2021, [https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses\\_Redacted.pdf](https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses_Redacted.pdf).

<sup>9</sup> Information on file with the Office of Senator Warren.

<sup>10</sup> Letter from KPMG to Senator Elizabeth Warren and Representative Pramila Jayapal, October 19, 2021, [https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses\\_Redacted.pdf](https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses_Redacted.pdf); Letter from KPMG to Senator Elizabeth Warren and Representative Pramila Jayapal, October 22, 2021, [https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses\\_Redacted.pdf](https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses_Redacted.pdf); Letter from RSM to Senator Elizabeth Warren and Representative Pramila Jayapal, October 19, 2021, [https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses\\_Redacted.pdf](https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses_Redacted.pdf).

But these disclosures only reveal the tip of the iceberg. Neither the firms nor the Treasury Department provided meaningful information about their employees' responsibilities and clients, either at the firms or while in government.<sup>11</sup> Firms cited "employee privacy, regulatory compliance considerations, [and] applicable professional standards," and the Treasury Department wrote that it "would be a tremendously difficult task to construct such records for all such Treasury and IRS employees."<sup>12</sup> Without this information, it is impossible to fully understand or address any potential conflicts of interest or ethics violations as reported by the *Times*.

The firms and the Treasury Department also provided information about their ethics policies that are designed to protect against conflicts of interest from the sojourns of firm employees into and out of government service. As disclosed, these policies were simply insufficient and failed to provide adequate standards to protect the public interest from corrosive revolving-door activity into and out of the federal government by accounting firm staff. In general, these policies did the bare minimum: requiring that employees adhere to federal ethics law.<sup>13</sup> Some required that "individuals act with integrity and deliver services in accordance with [company] policies [and] relevant technical and professional standards" or noted that employees "adhere[] to regulatory and professional ethical responsibilities with the utmost care and responsibility."<sup>14</sup>

But none of these policies appeared to have any effective enforcement mechanism to require that employees and firms eliminate conflicts of interest. For instance, PwC's Code of Conduct asserts: "Our business judgment is free from bias, conflicts of interest or undue influence of others. We follow processes and procedures to identify and address any actual or potential conflicts of interests." However, the policy itself provides no clear guidance at all—requiring only that employees "consult" others regarding conflicts—and explicitly states that, even when conflicts exist, staff may still "do the work," provided that they "consider how to manage the potential conflict or any perceived client sensitivities."<sup>15</sup>

Given the troubling nature of the companies' responses, their weak policies and lack of transparency, and the ongoing risk to the public interest from this revolving-door scheme, we write to urge you to open an investigation into this revolving-door scheme. We have introduced the *Anti-Corruption and Public Integrity Act* to outlaw such schemes and to ensure that government officials work for the people and not the wealthiest corporations and their clients.<sup>16</sup> And Sen. Warren's *Corporate Profits Minimum Tax*, included in the *Build Back Better Act*, would limit

---

<sup>11</sup> Information on file with the Office of Senator Warren.

<sup>12</sup> Letter from Deloitte to Senator Elizabeth Warren and Representative Pramila Jayapal, October 19, 2021, [https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses\\_Redacted.pdf](https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses_Redacted.pdf); information on file with the Office of Senator Warren.

<sup>13</sup> Letters from Accounting Firms to Senator Elizabeth Warren and Representative Pramila Jayapal, October 19, 2021, [https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses\\_Redacted.pdf](https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses_Redacted.pdf).

<sup>14</sup> Letter from RSM to Senator Elizabeth Warren and Representative Pramila Jayapal, October 19, 2021, [https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses\\_Redacted.pdf](https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses_Redacted.pdf); Letter from Deloitte to Senator Elizabeth Warren and Representative Pramila Jayapal, October 19, 2021, [https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses\\_Redacted.pdf](https://www.warren.senate.gov/imo/media/doc/Accounting%20Firm%20Responses_Redacted.pdf).

<sup>15</sup> PwC, "PwC's Code of Conduct," <https://www.pwc.com/gx/en/ethics-business-conduct/pdf/pwc-code-of-conduct-april-2021-v2.pdf>.

<sup>16</sup> Anti-Corruption and Public Integrity Act, S. 5070, <https://www.congress.gov/bill/116th-congress/senate-bill/5070>.

how much giant corporations can exploit tax loopholes, reducing the payoff from these unethical practices and the incentives to engage in them.<sup>17</sup> However, as Acting Treasury Inspector General and Treasury Inspector General for Tax Administration, you each already have the statutory power and responsibility to investigate allegations of misconduct with respect to the administration of programs at the Treasury Department and the IRS, including through access to any relevant records and subpoena power.<sup>18</sup> The questions raised by giant accounting firms' use of the revolving door to benefit their clients falls squarely within your missions to "promote economy, efficiency and effectiveness" and "prevent and detect fraud and abuse" in the programs and operations of the Treasury Department and IRS.<sup>19</sup>

For these reasons, we request that you use your authorities to open an inquiry into the revolving door between the country's top accounting firms and the federal government and to inform Congress and the public about your findings without delay. In particular, we ask that you investigate the following topics in your review:

1. The extent to which large accounting firms and their employees are taking advantage of the revolving door between their firms and government service at the Treasury Department and IRS.
2. The role that these officials play when they enter government service and the rewards they reap upon their return to the private sector.
3. The extent to which these accounting firms, via the employees placed at the Treasury Department and IRS, may have an untoward influence over department and agency policies or may obtain information or influence that provides their clients with an untoward advantage.
4. The policies in place at the Treasury Department and IRS to protect department and agency policies from being unduly influenced by these employees' potential conflicts of interest.
5. Whether the firms' codes of conduct and ethics policies are effective at preventing the abuse of the revolving door and preventing and addressing conflicts of interest.

Thank you for your attention to this important matter.


---


<sup>17</sup> Senator Elizabeth Warren, "Senators Warren, King, and Wyden Announce Updated Proposal To Prevent The Biggest And Most Profitable Corporations From Paying Nothing In Federal Taxes," press release, October 26, 2021, <https://www.warren.senate.gov/newsroom/press-releases/senators-warren-king-and-wyden-announce-updated-proposal-to-prevent-the-biggest-and-most-profitable-corporations-from-paying-nothing-in-federal-taxes>; Build Back Better Act, H.R. 5376, <https://www.congress.gov/bill/117th-congress/house-bill/5376>.

<sup>18</sup> 5 U.S.C. App. § 6(a) & (c).

<sup>19</sup> U.S. Department of the Treasury, "Inspectors General," <https://home.treasury.gov/services/report-fraud-waste-and-abuse/inspectors-general>.

Sincerely,

  
Elizabeth Warren  
United States Senator

  
Pramila Jayapal  
Member of Congress