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May 14, 2026

Todd Blanche
Acting Attorney General of the United States
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Frank J. Bisignano
Chief Executive Officer
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Heather M. Hill
Acting Inspector General
Treasury Inspector General for Tax Administration
901 D Street, SW, Suite 600
Washington, D.C. 20024-2169

Dear General Blanch, Mr. Bisignano, and Ms. Hill,

According to a recent New York Times article, the Department of Justice (DOJ) is currently evaluating a potential settlement of a multi-billion lawsuit brought by President Donald Trump against the Treasury Department and the Internal Revenue Service (IRS) in federal court. The article reports that one settlement option under consideration would require the IRS to terminate audits of the tax returns of Mr. Trump, his family, or his businesses. We are concerned that a settlement along these terms will expose innocent IRS officers and employees to criminal liability under 26 U.S.C. § 7217 if they fail to report the receipt of President Trump's request to terminate IRS audits to the Treasury Inspector General for Tax Administration. We urge you to remind all IRS officers and employees involved in auditing tax returns of their legal obligations under that provision.

President Trump, joined by two of his children and The Trump Organization, filed a lawsuit against the Treasury Department and the IRS in the U.S. District Court for the Southern District of Florida, seeking \$10 billion dollars in compensatory and punitive damages arising from an IRS

contractor's unauthorized disclosure of their tax returns. A lawsuit for damages by a sitting president against Executive Branch agencies that he oversees is unprecedented. Indeed, on April 24, 2026, the district court has directed each party to file a memorandum addressing the court's subject-matter jurisdiction in light of the apparent lack of adversity between President Trump and the federal agency defendants. Further, the court has appointed several attorneys unaffiliated with the parties as amici to assist the court in resolving the jurisdictional question. The court has scheduled a hearing on that issue for May 27, 2026.

No DOJ attorney has yet entered an appearance in the litigation, and DOJ has not otherwise identified the attorneys who are responsible for defending the interests of the federal agency defendants in President Trump's lawsuits. Nonetheless, on April 17, 2026, President Trump, through his attorneys, advised the court that a pause in the litigation would enable the parties to "engage in discussions designed to resolve this matter and to avoid protracted litigation." As noted above, unidentified individuals at DOJ are apparently now evaluating settlement options, including the possibility of terminating audits of the tax returns of President Trump, his family, and his business, as well as a potential cash payment to President Trump from the U.S. Treasury.

Any agreement by attorneys for the federal agency defendants to settle President Trump's claims against the Treasury Department and the IRS would present a host of significant constitutional, legal, and ethical issues. For instance, given the possibility that the district court could find President Trump's claims nonjusticiable, a settlement prior to the court's decision on that issue could violate DOJ's ethical obligation to represent the federal agency defendants—and its moral obligation to protect the American taxpayer. In addition, a settlement that requires the transfer of funds from the U.S. Treasury to President Trump's (or his designee's) personal account could violate the Constitution's Domestic Emoluments Clause.

We write this letter, however, because of the legal risk to the IRS officers and employees who may be asked to terminate audits in response to a settlement of President Trump's claims. To protect the integrity of the IRS's tax-processing function, Congress has strictly cabined off the IRS's audit function from interference by the President. Under 26 U.S.C. § 7217(a), "[i]t shall be unlawful for any applicable person to request, directly or indirectly, any officer or employee of the Internal Revenue Service to conduct or terminate an audit or other investigation of any particular taxpayer with respect to the tax liability of such taxpayer." Section 7217(e) expressly defines "applicable person" to include the President. Thus, the President violates section 7217 if he requests, either directly or indirectly, that an IRS officer or employee terminate an audit. The IRS has a general policy of conducting a mandatory examination of the President's tax returns. Thus, any settlement that would foreclose the IRS from effectuating that policy would violate section 7217.

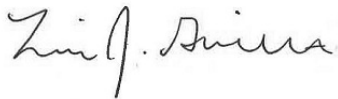
Critically, section 7217 goes beyond foreclosing the President from seeking to influence IRS audits. Under section 7217(b), any IRS officer or employee receiving any prohibited request must report the receipt of such request to the Treasury Inspector General for Tax Administration. Under section 7217(d), an officer or employee who fails to comply with this reporting requirement faces "a fine in any amount not exceeding \$5,000, or imprisonment of not more than 5 years, or

both, together with the costs of prosecution.” Moreover, although section 7217 permits the Attorney General to make a request to terminate an IRS audit, there would be no defense to liability if such a request arises out of a settlement with the President, because section 7217(a) bars presidential requests to terminate audits made either “directly or indirectly.” Accordingly, any implementation of a settlement that calls for the IRS to terminate audits would necessarily put innocent IRS officers and employees at significant legal risk if they fail to file the required report with the Treasury Inspector General for Tax Administration.

Given these circumstances, we urge you to provide immediate notice to IRS officers and employees of their legal obligations under section 7217. By making this request, we do not intend to suggest that any settlement of President Trump’s lawsuit is appropriate; rather, we maintain that litigation on President Trump’s claim should not move forward until he is out of office and that the government should not consider any settlement of those claims until that time. However, to the extent that DOJ intends to move forward with a settlement despite the significant concerns presented, its decision should not put at legal risk the innocent IRS officers and employees who may be charged with carrying out the settlement’s terms.

Thank you for your attention to this matter.

Sincerely,



Lisa Gilbert
Co-president, Public Citizen



Robert Weissman
Co-president, Public Citizen