

January 12, 2022

Anthony Shadid Award for Journalism Ethics  
Center for Journalism Ethics  
School of Journalism and Mass Communication  
University of Wisconsin-Madison

To the Committee:

Please accept these materials to support the nomination of The Secret IRS Files for the Anthony Shadid Award for Journalism Ethics.

### 1) Name and contact information of the nominator and relationship to the story

- Nick Varchaver, Senior Editor | 917-363-6853 | [Nick.Varchaver@propublica.org](mailto:Nick.Varchaver@propublica.org)

### 2) Names and emails of the reporting team that produced the report

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### 3) Brief description of the story and a link to it online

Jeff Bezos and Elon Musk, the world's two wealthiest men, didn't pay federal income taxes in some recent years. That was the arresting opening to "[The Secret IRS Files: Trove of Never-Before-Seen Records Reveal How the Wealthiest Avoid Income Tax.](#)" The article used a massive collection of IRS data to show that Bezos and Musk were extreme examples of systemic unfairness in the tax system, raising urgent questions at a time when wealth inequality has become a national crisis.

ProPublica followed its blockbuster first article with a series of deeply reported investigations that revealed a pattern of inequities. One story showed how IRA accounts, middle-class retirement-savings vehicles that allow maximum annual contributions of \$6,000, [were turned into a bonanza](#) for billionaires like Peter Thiel, who transformed his into a \$5 billion colossus. Another showed how [ultrawealthy political donors were rewarded](#) in the 2017 Trump tax legislation. Yet another revealed how great fortunes have been passed down over multiple generations, defeating congressional attempts to limit dynastic wealth.

ProPublica's stories ignited a worldwide debate about wealth and inequality, coming up in news stories about Elon Musk and his peers, and even becoming a staple in comedy routines. The series [changed the national conversation](#) about tax policy. At one point, the Biden administration's stalled Build Back Better legislation closed the IRA loophole and included a wealth tax (an idea that was doomed by the opposition of Sen. Joe Manchin of West Virginia). Ultimately, the series has exposed the specifics of what the wealthiest pay — or don't pay — in taxes, revealing an inequity that lies beneath almost every division that separates the country today.

- **The Secret IRS Files: Trove of Never-Before-Seen Records Reveal How the Wealthiest Avoid Income Tax | June 8, 2021**  
<https://www.propublica.org/article/the-secret-irs-files-trove-of-never-before-seen-records-reveal-how-the-wealthiest-avoid-income-tax>
- **Lord of the Roths: How Tech Mogul Peter Thiel Turned a Retirement Account for the Middle Class Into a \$5 Billion Tax-Free Piggy Bank | June 24, 2021**  
<https://www.propublica.org/article/lord-of-the-roths-how-tech-mogul-peter-thiel-turned-a-retirement-account-for-the-middle-class-into-a-5-billion-dollar-tax-free-piggy-bank>
- **Secret IRS Files Reveal How Much the Ultrawealthy Gained by Shaping Trump’s “Big, Beautiful Tax Cut” | Aug. 11, 2021**  
<https://www.propublica.org/article/secret-irs-files-reveal-how-much-the-ultrawealthy-gained-by-shaping-trumps-big-beautiful-tax-cut>
- **The Great Inheritors: How Three Families Shielded Their Fortunes From Taxes for Generations | Dec. 15, 2021**  
<https://www.propublica.org/article/the-great-inheritors-how-three-families-shielded-their-fortunes-from-taxes-for-generations>
- **These Real Estate and Oil Tycoons Avoided Paying Taxes for Years | Dec. 7, 2021**  
<https://www.propublica.org/article/these-real-estate-and-oil-tycoons-used-paper-losses-to-avoid-paying-taxes-for-years>
- **The Billionaire Playbook: How Sports Owners Use Their Teams to Avoid Millions in Taxes | July 8, 2021**  
<https://www.propublica.org/article/the-billionaire-playbook-how-sports-owners-use-their-teams-to-avoid-millions-in-taxes>
- **When You’re a Billionaire, Your Hobbies Can Slash Your Tax Bill | Dec. 8, 2021**  
<https://www.propublica.org/article/when-youre-a-billionaire-your-hobbies-can-slash-your-tax-bill>
- **A Massive Oil Spill Helped One Billionaire Avoid Paying Income Tax for 14 Years | Dec. 9, 2021**  
<https://www.propublica.org/article/a-massive-oil-spill-helped-one-billionaire-avoid-paying-income-tax-for-14-years>
- **How These Ultrawealthy Politicians Avoided Paying Taxes | Nov. 4, 2021**  
<https://www.propublica.org/article/how-these-ultrawealthy-politicians-avoided-paying-taxes>
- **These Billionaires Received Taxpayer-Funded Stimulus Checks During the Pandemic | Nov. 3, 2021**  
<https://www.propublica.org/article/these-billionaires-received-taxpayer-funded-stimulus-checks-during-the-pandemic>

#### 4) Description of conflicting values encountered in reporting the story

ProPublica obtained a massive trove of tax data on many of our nation’s richest citizens. The data included huge volumes of information, everything from the taxes they paid to the income they reported to the profits from their stock trades. Tax data is traditionally seen as the quintessential example of information that should be private. Indeed, federal law prohibits publishing such data (more on that later). ProPublica faced a conflict between individuals’ legitimate right to keep information they shared with the government private and our belief that what was in those tax records revealed a profound systemic inequity that was a matter of urgent national interest: Our reporters’ analysis of the tax material showed how the nation’s wealthiest people — call them the .001% — exploit the structure of our tax code to avoid the tax burdens borne by ordinary citizens. What had been presented by the press in the past as rare anomalies (say, Donald Trump’s ability to avoid federal taxes for long periods of time) turned out to be a broad pattern that stretched back a century or more.

There was also a second issue: The material, which ProPublica did not solicit, came to us from a source whose identity we did not know. The source told us they provided the information because ProPublica had devoted serious resources to examining the IRS and its problems in the past, but we had no way of ascertaining the source's motives. Nor did we know at the outset whether the material was accurate. It was unverified information from an unverified source.

## **5) Options considered to resolve the conflicts**

Step 1 for us was basic journalism. As we put it at the time in an [explanation of our decision to publish](#), “When a reporter makes contact with a source and is provided information, we begin with questions. Is the material authentic? Is it newsworthy? Is it complete? We understand that nearly everyone who provides material to a reporter is doing so in ways that reflect their worldview, agenda or biases. We have long held that those motives are irrelevant if the information is reliable.” We answered the most important question — was the information accurate? — by assigning four reporters to verify it. They engaged a grueling, multi-month vetting process, which was then backed in each individual story by soliciting extensive, detailed comment from every person mentioned in the articles. (None of the people we have written about have issued any post-publications challenges about the accuracy of their data.)

On the privacy issue, one option would've been to simply publish aggregate information. ProPublica rejected that option. Tax information is abstruse at best and like all journalists, we crave specificity. We thought that only by including at least some specific information on actual people would the stories — and the unfairness of the system — resonate with readers. We also considered an option at the other end of the spectrum: Publishing articles accompanied by huge lists, citing scores of people and what they paid (or didn't pay) in taxes.

## **6) Final decisions and rationales behind them**

ProPublica ultimately chose a middle course. We included specific people and their information in every story — but we always picked a minimal number (a tiny fraction of the names available) and selected people whose tax practices illuminated broader themes. So, in one article, former Microsoft CEO and current LA Clippers owner Steve Ballmer stood in for the many sports-team owners who write off huge sums on their teams. In another article, which explored the outsized tax benefits enjoyed by real estate titans, Stephen Ross embodied the billionaire property moguls. In yet another story, Peter Thiel served as the example of the ways in which the ultrawealthy exploit IRA accounts.

We also grappled with the legal risk. As we noted at the time, “A federal law ostensibly makes it a criminal offense to disclose tax return information. But we do not believe that law would be constitutional if applied to bar or sanction publication of a story in the public interest when the news organization did not itself remove the information from the control of the IRS or solicit anyone else to do so — as we did not.” Throughout, we have tried to keep the public interest in mind, revealing relevant information that informs the public, but not engaging in a gratuitous exposure of financial secrets simply to gratify peoples' curiosity.

Ultimately, ProPublica revealed the private information of dozens of billionaires — and brought specificity and illumination to an issue of huge public interest, revealing as never before a massive inequity in the system.

ProPublica is proud to submit this series for a Shadid Award for Journalism Ethics.

Sincerely,  
Stephen Engelberg  
Editor-in-Chief  
ProPublica