

MONEY MYTHS SERIES

Syndicated Conservation Easements: The \$4-for-\$1 Tax Deduction Scheme

How syndicated conservation easements work, the 2.5 times rule, Tax Court results, prosecutions and the IRS's 2026 settlement.

By Eric Ridley, attorney, Ridley Law · Updated September 2026 · Read online with live links: ridleylawoffices.com/syndicated-conservation-easement/

Part of our [money myths series](#), where we check what social media says about money against the statute, the IRS and the courts.

The claim: invest \$100,000 in a land partnership, it donates a conservation easement, and you get a charitable deduction of \$400,000 or more. **The verdict:** that's a syndicated conservation easement, and the IRS treats it as an abusive tax shelter. Since December 29, 2022, federal law denies the entire deduction when a partnership's donation exceeds 2.5 times the partners' basis. The IRS says the Tax Court has allowed on average 6% of the deductions claimed in these deals, usually with a 40% penalty, and the promoters behind one of the largest schemes were sentenced to 25 and 23 years in prison.

2.5x

Above this ratio, a partnership's easement deduction is denied in full (IRC § 170(h)(7), 2022)

6%

Average share of claimed deductions the Tax Court has allowed (IRS, May 2026)

40%

Gross valuation misstatement penalty (IRC § 6662(h))

\$1.3 billion

Fraudulent deductions sold in the Fisher and Sinnott scheme (IRS-CI, 2024)

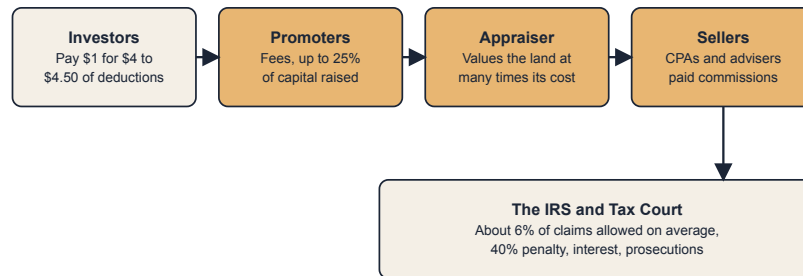
\$26.8 billion

Deductions these deals generated from 2010 to 2017, per IRS estimate (Senate Finance, 2020)

This pitch reaches people with high incomes more often through CPAs and financial advisers than through viral videos. The IRS has described these deals as shelters "that let taxpayers buy deductions at the end of any given year." The pitch is a ratio: four dollars of deductions, or four and a half, for every dollar you put in. A partnership buys rural land, gets an appraisal saying the land's highest use is a resort or subdivision, and donates a conservation easement giving up that development. The appraised "lost value" becomes a deduction split among the investors.

Who gets paid when you follow this advice

Promoters, appraisers and the advisers who sell units, and court records show how much. In *Oconee Landing Property v. Commissioner*, T.C. Memo. 2024-25, investors put in \$11,856,000, and \$2,723,500 of it was paid "to the promoters, Mr. Ciavola, the Morris firm, the appraisers, and other participants as fees for their services." In *Piton Holdings v. Commissioner*, 167 T.C. No. 4 (July 2026), a draft of the deal documents said the promoter's fee "would be 25% of the capital raised." In one EcoVest deal the Senate Finance Committee examined, 80 investors paid \$3,749,678 and EcoVest's fees were \$1,483,491. The sellers were paid too. In the Fisher and Sinnott case, IRS Criminal Investigation reported that one CPA earned about \$525,072 in commissions for promoting and selling the deals, and another about \$491,400. A New Jersey CPA sentenced in 2025 earned "over \$300,000 in commissions." IRS Commissioner Danny Werfel said in 2024 that these transactions operate "too often as nothing more than retail tax shelters" that "generate high fees for promoters."



What is a syndicated conservation easement?

It's a partnership deal where investors buy into land shortly before the partnership donates a conservation easement, and the appraised value of that easement is passed through as a charitable deduction several times larger than what the investors paid.

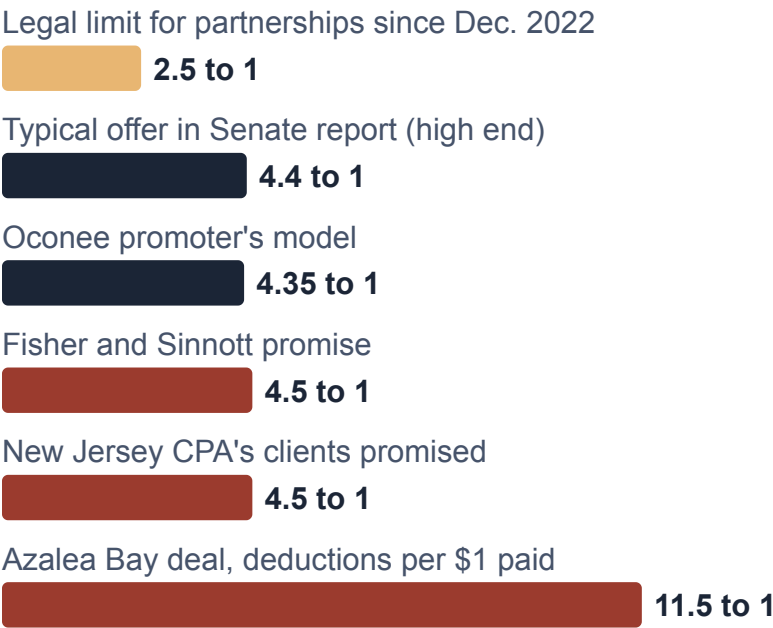
A real conservation easement is a legitimate, permanent restriction a landowner gives to a land trust or government to protect land from development, and it can be deductible under IRC § 170(h). The syndicated version flips the purpose. The land is often bought for a modest price, appraised a year or two later at many times that price based on a hypothetical development, and the easement is donated so the investors can split the deduction. The Senate Finance Committee's 2020 report quoted promoters offering "between \$4 and \$4.40 worth of charitable deductions" per dollar and concluded that investors "can save two dollars in taxes for every one dollar they give to transaction promoters."

What did the 2022 SECURE 2.0 Act change?

It denies the whole deduction, not only the part above the limit, when a partnership's conservation contribution exceeds 2.5 times the sum of the partners' relevant basis, for contributions after December 29, 2022 (IRC § 170(h)(7)).

Section 605 of the SECURE 2.0 Act added § 170(h)(7). A partnership's contribution "shall not be treated as a qualified conservation contribution" if it "exceeds 2.5 times the sum of each partner's relevant basis." There are exceptions for donations made at least three years after the partnership's latest acquisition, for family partnerships, and for historic buildings. A deduction disallowed under this rule also draws the 40% penalty. The 4-to-1 and 4.5-to-1 ratios these deals were sold on fail the test by definition.

Treasury and the IRS also issued final regulations in October 2024 that identify syndicated conservation easements as "listed transactions," which carry strict disclosure duties and longer periods for the IRS to assess tax. The regulations use the same 2.5-times test and look at any promotional material, including oral statements. They replaced IRS Notice 2017-10, which the Tax Court set aside in *Green Valley Investors v. Commissioner*, 159 T.C. No. 5 (2022), because the IRS had issued it without notice and comment.



Source	Deduction per \$1
IRC § 170(h)(7), contributions after Dec. 29, 2022	2.5 (above this, deduction denied in full)
Senate Finance Committee report (2020), quoted offers	\$4 to \$4.40
Ocone Landing, T.C. Memo. 2024-25	about 4.35
Fisher and Sinnott (IRS-CI, 2024)	4.5
New Jersey CPA case (DOJ, 2025)	4.5
EcoVest Azalea Bay (\$42,987,100 / \$3,749,678, Senate report)	about 11.5

What has the Tax Court done with these deductions?

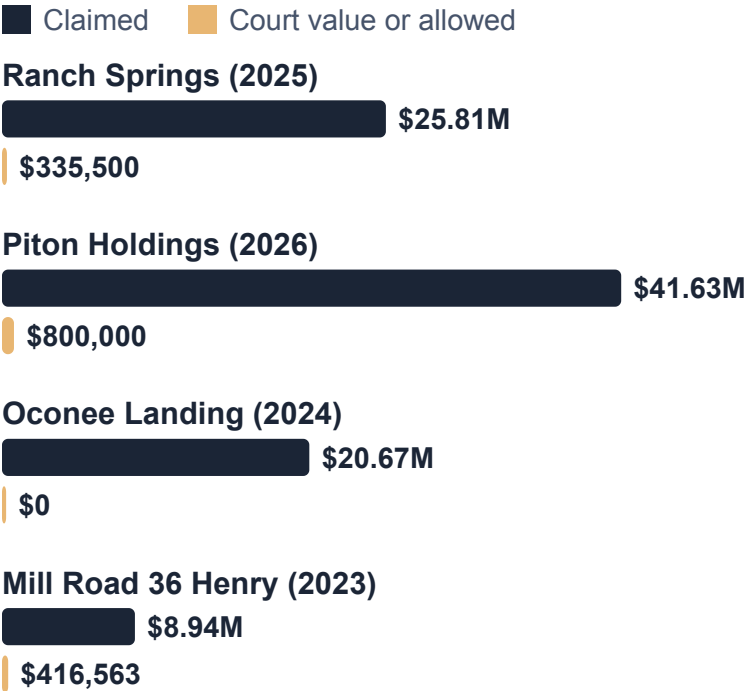
The IRS reported in May 2026 that "on average, the Tax Court has only allowed 6% of the original claimed deduction and has generally imposed a 40% gross valuation misstatement penalty, plus interest."

Ranch Springs (2025). The partnership claimed a \$25,814,000 deduction for an easement on land bought about a year earlier. The court found the easement was worth \$335,500, noted the return took "the position that the land had appreciated by 3,641% in 12 months," and imposed the 40% penalty because the claimed value exceeded the correct value "by 7,694%" (Ranch Springs, LLC v. Commissioner, 164 T.C. No. 6).

Piton Holdings (2026). The partnership bought the parent parcel for \$1,059,872, or \$1,600 an acre, and claimed a \$41,635,000 deduction for the easement. The court found the easement was worth \$800,000. The IRS had determined \$6,220,625 in penalties (167 T.C. No. 4).

Oconee Landing (2024). The partnership claimed a \$20.67 million deduction. The court allowed zero. It found the easement's fair market value was less than a fifth of the claimed value, a misstatement of more than 400%, and imposed the 40% penalty. The promoter's underwriting model assumed investors would be offered a ratio of about 4.35 to 1 before any appraisal was done (T.C. Memo. 2024-25).

Mill Road 36 Henry (2023). The partnership claimed \$8,935,000. The court valued the easement at \$900,000 and then limited the deduction to the partnership's basis in the land, \$416,563 (T.C. Memo. 2023-129).



Sources: 164 T.C. No. 6; 167 T.C. No. 4; T.C. Memo. 2024-25; T.C. Memo. 2023-129. The IRS reports a 6% average across Tax Court decisions (May 2026).

Case	Claimed	Court figure	What the figure is	Share of claim
Ranch Springs (2025)	\$25,814,000	\$335,500	Easement value found	1.3%

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Piton Holdings (2026)	\$41,635,000	\$800,000	Easement value found	1.9%
Oconee Landing (2024)	\$20,670,000	\$0	Deduction allowed	0.0%
Mill Road 36 Henry (2023)	\$8,935,000	\$416,563	Deduction allowed (basis limit)	4.7%

Has anyone gone to prison over conservation easements?

Yes: in January 2024, promoters Jack Fisher and James Sinnott were sentenced to 25 and 23 years in federal prison after a jury in Atlanta convicted them of selling over \$1.3 billion in fraudulent deductions.

According to IRS Criminal Investigation, Fisher, a CPA, and Sinnott, a lawyer, promised clients "deductions 4.5 times the amount the taxpayer clients paid," backed by appraisals "often more than 10 times higher" than what the partnerships paid for the land. The tax loss to the IRS was over \$450 million. The court ordered restitution of about \$457.9 million from Fisher and \$443.8 million from Sinnott. IRS-CI said Fisher used the money to buy a Mercedes, an RV, a private jet and homes. Nine more people pleaded guilty in connection with the scheme, including a New Jersey CPA sentenced to 24 months in February 2025.

On the civil side, the Justice Department sued EcoVest Capital, its executives, a promoter and an appraiser in 2018, alleging at least 96 syndicates and over \$2 billion in deductions. The EcoVest parties consented in March 2023 to a permanent injunction barring them from promoting conservation easement deductions, "without admitting any of the allegations."

Is the IRS still warning about these deals?

Yes: syndicated conservation easements were on the IRS Dirty Dozen list in 2019, 2023 and 2024, and the 2026 list warns about "inflated appraisals of donated property using syndicated conservation easements or art."

In May 2026 the IRS announced a new time-limited settlement for the more than 1,100 conservation easement cases still pending, around 740 of them in Tax Court. Investors who settle get no charitable deduction, can deduct their out-of-pocket costs, and pay a reduced 10% penalty. After that window closes, the IRS says settlements will generally reflect a deduction of "approximately 5% to 7% of the claimed deduction and a 40% gross valuation misstatement penalty."

How does California treat syndicated conservation easements?

California adopted the 2.5-times rule for contributions made on or after January 1, 2024, treats federal listed transactions as California listed transactions, and requires you to report a final federal change to the Franchise Tax Board within six months (R&TC §§ 17275.6, 18407, 18622).

So a federal settlement or Tax Court loss doesn't end the matter for a California resident. The state return has to be corrected too.

Worked example: a \$100,000 investment at 4.5 to 1

The numbers here are hypothetical. A California investor puts \$100,000 into a partnership in 2026 and is promised a \$450,000 deduction, 4.5 times the investment. Assume the investor's basis equals what they paid.

- **The pitch:** a \$450,000 deduction, worth about \$157,500 in federal tax at a 35% rate. The 2025 budget law limits the value of itemized deductions for people in the 37% bracket to about 35 cents per dollar starting in 2026, and the individual limit for conservation gifts is 50% of income, so using the full deduction in one year takes about \$900,000 of income.
- **The law:** \$450,000 is more than 2.5 times \$100,000, so § 170(h)(7) denies the whole deduction.
- **The result after audit:** the \$157,500 of tax comes back, plus a 40% penalty of \$63,000, plus interest. The \$100,000 investment is gone, and part of it went to fees.

When is a conservation easement legitimate?

When you own land you want to protect, donate an easement to a qualified land trust, and claim a value supported by a qualified appraisal and real comparable sales.

Congress wants these gifts. Individuals can deduct qualified conservation contributions up to 50% of their contribution base, qualified farmers and ranchers up to 100%, and carry the excess forward 15 years. The 2.5-times rule doesn't apply to family partnerships or to donations made at least three years after the partnership's latest acquisition. The Senate Finance Committee reported that member land trusts of the Land Trust Alliance don't accept land donated by syndicated transactions, which is a useful test: if a reputable land trust won't take it, ask why.

Conservation easements also fit some estate plans for families who want to keep ranch or farm land together. See our [charitable trust](#) page and [charitable giving in estate plans](#).

What the pitch says	What the law says
"Get \$4.50 of deductions for every \$1."	Above 2.5 times basis, a partnership's deduction is denied in full for contributions after December 29, 2022.
"It's a charitable gift."	The IRS calls these deals "retail tax shelters" and has identified them as listed transactions.
"The appraisal supports it."	In recent cases the Tax Court has allowed between zero and about 5% of the claimed deduction, with 40% penalties.
"Your CPA recommends it."	CPAs who sold units were paid commissions. Some have gone to prison.
"If it's challenged, you just lose the deduction."	You also face a 40% penalty, interest and a California correction within six months.

What should you do instead?

If you want a large charitable deduction, give to charity in a way that doesn't depend on an appraisal multiplying your money.

1 If you're offered a deal

Ask for the ratio, the fee schedule and the date the partnership bought the land. A promised ratio over 2.5 to 1 is the end of the conversation.

2 If you're already in one

Get your own tax counsel, not the promoter's lawyer. Look at the IRS's 2026 settlement terms and deadlines before deciding whether to litigate.

3 Report the federal outcome to California

File the California correction within six months of a final federal change.

4 Use real charitable tools

A donor-advised fund, a charitable remainder trust or a direct gift of appreciated stock can produce a real deduction without the risk. See [donor-advised funds](#) and [charitable remainder trusts](#).

For other tax pitches built on inflated paper deductions, see ["free solar"](#) and [solar tax credit schemes](#) and [the real estate professional status pitch](#).

Frequently asked questions

Are conservation easements a tax scam?

No. A landowner's genuine easement donation, properly appraised, is a legitimate deduction. The syndicated version, where investors buy deductions at a multiple of their investment, is what the IRS treats as an abusive shelter.

What is the 2.5 times rule for conservation easements?

Under IRC § 170(h)(7), added in 2022, a partnership's conservation contribution isn't deductible at all if it exceeds 2.5 times the sum of the partners' relevant basis, unless an exception applies.

Are syndicated conservation easements listed transactions?

Yes. Final regulations effective October 8, 2024, identify them as listed transactions, which require disclosure to the IRS.

What penalty applies if the IRS disallows the deduction?

Usually a 40% gross valuation misstatement penalty on the resulting underpayment, plus interest. The IRS's 2026 settlement offer reduces that penalty to 10% for investors who accept in time.

Can I still settle a conservation easement case with the IRS?

The IRS announced a time-limited settlement in May 2026 for pending cases. After it closes, the IRS says settlements will generally reflect a deduction of 5% to 7% of the claimed amount and a 40% penalty.

Does California allow conservation easement deductions?

Yes for genuine easements. California adopted the federal 2.5-times limit for contributions made on or after January 1, 2024.

This page is general information, not legal, tax or investment advice for your situation. If you've invested in one of these partnerships, get independent tax counsel before you respond to the IRS.

More in the [money myths series](#).

SOURCES

- 26 U.S.C. § 170 (including § 170(h)(7), added by Pub. L. 117-328, div. T, § 605, December 29, 2022), [Cornell LII](#); 26 U.S.C. § 68, [Cornell LII](#); 26 U.S.C. § 6662, [Cornell LII](#).
- Treas. Reg. § 1.6011-9, eCFR; IRS, [Notice 2017-10](#).
- IRS, [IR-2024-259](#), October 7, 2024; [IR-2019-182](#), November 12, 2019; [settlements begin](#), August 31, 2020; [2026 settlement terms](#), May 13, 2026.
- IRS Dirty Dozen: [2019](#); [2023](#); [2024](#); [2026](#).
- Senate Finance Committee, [Syndicated Conservation-Easement Transactions](#), S. Prt. 116-44, August 2020.
- IRS Criminal Investigation, [Two tax shelter promoters sentenced for billion-dollar SCE tax scheme](#), January 9, 2024.
- U.S. Department of Justice, [New Jersey CPA sentenced](#), February 10, 2025; [suit against EcoVest promoters](#), December 19, 2018 (archived); [consent judgment](#), United States v. Zak, No. 1:18-cv-05774 (N.D. Ga. March 20, 2023).
- Green Valley Investors, LLC v. Commissioner, 159 T.C. No. 5 (2022), [CourtListener](#); Green Rock, LLC v. IRS, 104 F.4th 220 (11th Cir. 2024), [CourtListener](#).
- Ranch Springs, LLC v. Commissioner, 164 T.C. No. 6 (2025), [CourtListener](#); Piton Holdings, LLC v. Commissioner, 167 T.C. No. 4 (2026), [CourtListener](#); Oconee Landing Property, LLC v. Commissioner, T.C. Memo. 2024-25, [CourtListener](#); Mill Road 36 Henry, LLC v. Commissioner, T.C. Memo. 2023-129, [CourtListener](#).
- Cal. Rev. & Tax. Code §§ [17275.6](#), [18407](#), [18622](#), [19164](#).

Questions about your own plan?

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