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Eric Holder Defends Al Sharpton's Ties To White House, Despite Tax Debts

At tax time, many Americans might find it pretty tempting to emulate Rev. Al Sharpton. After all, he seems to get by just fine no matter how many taxes he owes and no matter for how long. And he seems to be more of a fixture at the White House than Lois Lerner's hard drive. Even Politico seems to be scratching its collective head. Politico was where [Lois Lerner broke her silence](#).

And Politico just asked outgoing Attorney General Eric Holder, "Is [Al Sharpton](#) too close to this White House?" The softball interviewer who had the temerity to make such an outrageous suggestion was [Mike Allen](#), Politico's chief White House correspondent. That such a question is even being asked by Democrats who rarely question the President is a surprise.

Mr. Sharpton has been accused, for example, by [Eric Garner's daughter, of being all about the money](#). And yet the reverend and activist owes New York State over \$900,000 from 2008 and 2010 taxes, and greater sums to the IRS. With about \$4.5 million in tax liens, most taxpayers know they would be pushed and prodded to pay. Mr. Sharpton, however, seems graced by a kind of Teflon liturgical outfit.



Some might be luck, of course. On several occasions he suffered fires that destroyed his records. It is hard not to think of Lois Lerner's hard drive. Several fires destroyed Mr. Sharpton's financial records just as he was about to turn them over to officials. But AG Holder sees no problem, though Mr. Sharpton has been to the White House on many occasions. Aside from Mr. Holder, many people [have questioned why](#) President Obama [would so elevate](#) Rev. Sharpton, particularly since [he owes millions in taxes](#).

Mr. Holder saw no problem with Rev. Sharpton's proximity to the most powerful man in the world, saying, "The president has a number of people who he listens to, who he interacts with. You know, Reverend Sharpton is a person who has interacted with people within the administration, including myself. But we also hear from people who have, you know, fundamentally different views than Al Sharpton has."

Not all of the tax problems are new. In 1993, Rev. Sharpton [pleaded guilty to a misdemeanor](#) for failure to file a state tax return. His Raw Talent operation which he uses for speaking engagements has reportedly also had tax problems. But beyond these smidgens, Mr. Sharpton has never faced criminal tax-related charges. He has been marvelously successful in explaining that he is simply in over his head.

It isn't only the taxman that is not being paid, according to reports. Even worthy causes like hotels, landlords, and travel agencies are getting the cold shoulder from Mr. Sharpton or from his advocacy organization, the [National Action Network](#). He has two for-profit business, Revals

Communications and Raw Talent. Some of his financial woes appear to stem from poor divisions between business and personal, a common tax problem among entrepreneurs.

Everyone makes mistakes. Even wealthy and famous people may not get notices, particularly if they have multiple homes or businesses. Take [Robert De Niro's recent \\$6.4M tax bill](#). It may have been an unpleasant surprise but he paid it immediately. Mr. Sharpton has had more trouble doing that.

President Obama and Mr. Sharpton may both have a kind of Teflon coating. Even so, the President may finally want to create some distance, despite Mr. Holder's views. In 1990, Mr. Sharpton successfully defended claims that he misappropriated \$250,000 from a youth group. He has had tax filing issues too. In 1993, he [pleaded guilty to a misdemeanor](#) for failure to file a state tax return. Thereafter, his Raw Talent company used for speaking engagements has reportedly also had tax problems.

The New York Times suggests that everything is paid for by his entities, not Mr. Sharpton, perhaps even his clothes. The entities are said to pay for personal items like his daughters' private school tuition. If that is true, Rev. Sharpton is blurring one of the most important lines in the tax law, between business and personal. Another big lesson from Mr. Sharpton is records.

Keeping good records can help keep you out of tax trouble in the first place. Most audits are correspondence audits. You may be told your deductions will be disallowed unless you mail back records substantiating them. Tax liens can be based on your own returns or on additional taxes that are assessed.

In Mr. Sharpton's case, reports tally over \$4.5 million in state and federal tax liens. That means there were multiple bills and multiple notices. The IRS can file a [Notice of Federal Tax Lien](#) only after:

- IRS assesses the liability;
- IRS sends a Notice and Demand for Payment saying how much you owe; and
- You fail to fully pay within 10 days.

The IRS automatically has a lien and files notice so creditors know. IRS tax liens cover all your property even that acquired after the lien filing. The courts use it to establish priority in bankruptcy proceedings and real estate sales. And perhaps there should be some kind of notice posted at the White House too. At a certain point, many American taxpayers making sure that they pay their taxes are probably wondering just why the Rev. Sharpton seems to have a better deal.

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