

Tribe spending draws scrutiny

IRS examines Seminole finances after members' trial

BY JOHN HOLLAND
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HOLLYWOOD • Tales of uncontrolled spending, lavish lifestyles, allegations of kickbacks and dozens of luxury cars paid for with casino profits caught the attention of Seminole tribe members and curious courtroom observers at this month's trial of three men accused of stealing millions of dollars from the Seminoles.

Perhaps the most interested observers were agents from the Internal Revenue Service, who closely monitored the trial. That's because with each witness, it became apparent that a lot of people are getting rich at the tribe's expense, and very few of them are paying taxes.

The Internal Revenue Service confirmed this week it is looking into the tribe's spending practices and other aspects of the tribe's finances after the trial of former tribe operations director Tim Cox, former tribal computer expert Dan Wisher, and Wisher's son-in-law, Michael Crumpton.

The men were acquitted of theft charges last week after a three-year federal investigation into the tribe and suspended tribal Chairman James Billie.

The IRS is also looking into testimony given by several tribal leaders who admitted they didn't pay any taxes on the millions they spent on themselves and the gifts they gave. Federal law requires that taxes be paid on all gifts of more than \$10,000.

Nobody spent more than tribal councilman David Cypress, who doled out \$57 million over three years to friends, family and other tribe members. Cypress gave millions to his children and gave himself \$1 million. He also gave a business partner \$7 million for landscaping services but testified he didn't know if any income tax was paid on the money.

The Seminoles made about \$300 million in profits from their casinos last year, and each of the tribe's 2,500 members was given an annual dividend of \$36,000. Federal withholding and Social Security taxes were paid on the dividends.

But the tribe also allocated tens of millions of dollars to tribal elders to spend as they pleased, as long as it benefited the tribe. Tribe members testified that they didn't

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oughout the country. Indian tribes, though sovereign in many respects, must pay federal income taxes. So do individual tribe members, who are also responsible for making sure tax is paid on gifts they receive.

Agents for the FBI and lawyers with U.S. Attorney's Office have been examining the tribe's finances for years. During the trial, an FBI agent took extensive notes during the testimony of Billie, and prosecutors and defense lawyers grilled witnesses about their spending and their taxpaying practices.

So far, only former tribe pilot Charles Kirkpatrick has been convicted. Kirkpatrick is serving a 13-month prison sentence for failing to report more than \$600,000 in commissions he earned selling airplanes for the tribe. Neither he nor the Seminoles reported the payments to the IRS.

Gloria Sutton, a spokeswoman for the IRS regional office in Jacksonville, said her agency plans to review all testimony from the trial.

"We don't actually have all of the transcripts yet, so at this point we are

waiting on that," Sutton said.

Also, two witnesses testified that the tribe also paid hundreds of thousands of dollars to contractors in cash without keeping receipts.

Lawyers for Cox and Billie said their clients continually stressed to tribal leaders that the taxes had to be paid on the gifts paid with tribe money.

"Tim Cox got a very chilly reception when he tried to convey to elders the importance of paying taxes on the allocation money," said attorney Ken Lipman.

Billie's lawyer, Robert Saunooke, said

he expects more fallout from the testimony.

"If I give away anything worth more than \$10,000, someone has to pay a tax on that money," Saunooke said. "James Billie always paid his taxes and was meticulous about that. The trial showed that a lot of other Seminoles didn't do that."

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