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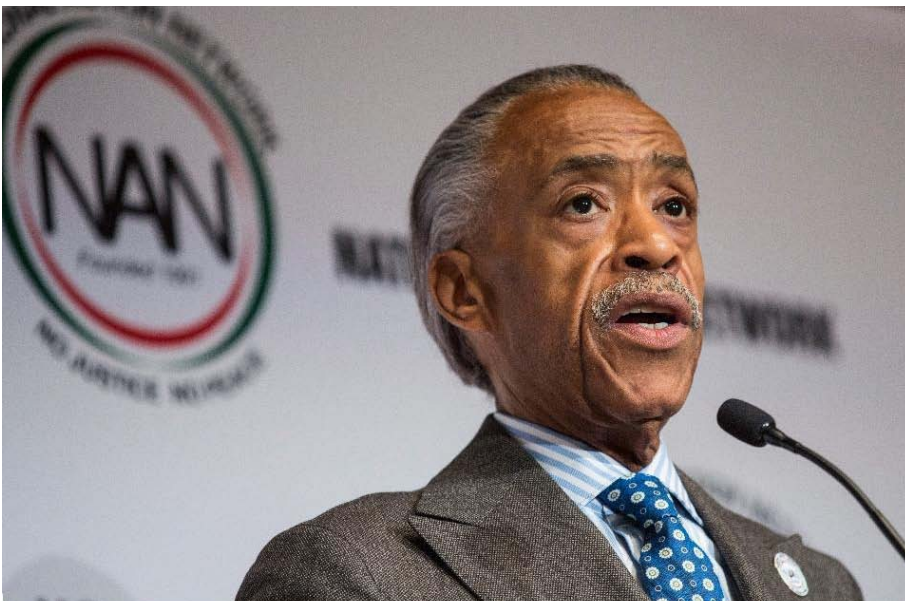
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Al Sharpton's Charity Hikes His Pay 71%, But Tax Liens, Clinton Imprint Remain

Al Sharpton was in the news again, this time over [giving himself a 71% raise](#). Rev. Sharpton is the president of National Action Network—NAN for short. It is a civil rights organization with chapters and affiliates across America. NAN collected a tidy \$6.9 million in 2014, up \$2 million from the prior year. The [New York Post](#) says much of the cash is a by-product of Rev. Sharpton's association with President Obama and New York Mayor de Blasio.

In the charitable world, big names count. Just ask the Clintons, whose own [Clinton Foundation has just amended 4 years of taxes](#) to fix multi-million dollar errors. Rev. Sharpton's NAN is tiny by comparison. Still, the nice uptick in donations evidently left a cushion to increase Rev. Sharpton's pay from \$241,545 to \$412,644, including a bonus of \$64,400. The Post notes the records, and the fact that NAN benefited when President [Obama addressed NAN's annual convention](#), even bringing five of his Cabinet members.



NAN had a big fund-raiser after Mayor de Blasio took office. Then, Mr. Sharpton collected a reported [\\$1 million at his 60th-birthday bash](#). Yet despite all the considerable successes, NAN and Rev. Sharpton seem to have continuing cash flow issues. According to the Post, NAN owed the IRS \$780,145 in unpaid payroll taxes. It's been a repeat problem.

Rev. Sharpton also has for-profit businesses, 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. In the past, Rev. Sharpton has acknowledged that he is not the best administrator. The New York Times once suggested that Rev. Sharpton's organizations pay for virtually *everything*. That may even extend to his clothing and his daughters' private school tuition.

If that is true, Rev. Sharpton is blurring one of the most important lines in the tax law. Many tax disputes come down to the fundamental divide between business and personal. Despite his more recent success, Rev. Sharpton is said to [still have outstanding tax liens of \\$3.4 million](#). This is made up of his personal taxes to the IRS and New York, plus taxes owed by his companies. Rev. Sharpton says [he owes less](#) and is paying it off.

Even the raise is debated. Unlike a *real* raise, Rev. Sharpton has claimed that his 71% raise was just for past salary he did not receive. That could be true, and ties into a well-worn tax argument. Execs and business owners commonly make that claim to the IRS to justify high compensation so the business can deduct the pay as "reasonable." Rev. Sharpton says he ramped up his pay only to make up for the past.

Normally, one would need to show past compensation records to help justify paying a large salary and bonus long after the fact. Rev. Sharpton may be able to do that here. Of course, he has also had serendipitous timing in the past that could obviate it. He has twice had fires that destroyed his financial records just as he was about to turn them over to officials.

In fact, given these and similar colorful stories, Rev. Sharpton has been a controversial figure. Many people have [questioned why](#) President Obama [would elevate](#) Rev. Sharpton to a position so close to him, particularly since [he owes millions in taxes](#). Former Attorney General Eric Holder defended the arrangement, seeing no problem with Rev. Sharpton's proximity to the most powerful man in the world,

Rev. Sharpton may be an easy target. But his is not the only charity pushing the envelope. The charity-as-business-titan may be reshaping the world, and it isn't only the cash-rich-friends-of-Clinton Foundation that is doing it. Recently, an Atlanta-based minister claimed he needed a \$65 million private jet so he could "safely and swiftly share the Good News of the Gospel worldwide."

Pastor Creflo Dollar collected \$300 each from hundreds of thousands of followers so [he could get his \\$65 million jet](#). When World Changers Church International, a/k/a Creflo Dollar Ministries, [announced](#) it was ready to buy a Gulfstream G650, it called the megajet "a reflection of the level of excellence at which this organization chooses to operate." It does not appear that the Clinton Foundation has sprung for its own jet yet, although [Hillary Clinton has faced scrutiny for her use of private jets](#). The travel budget is huge, causing some to wonder if it—along with many other things—means private benefits for the Clintons. In the past, the [Clintons and Rev. Sharpton have shared spots on a bad charities list](#).

Private inurement is a no-no for charities. Some have claimed that [the Clinton Foundation only spent 10% on charity according to the organization's own tax filings](#), claims the Foundation vigorously denies. The Clinton Foundation has been [roiled by controversy](#), from high administrative and travel costs for the Clinton family, to sweetheart media coverage. Sometimes others end up looking bad, like George Stephanopoulos forgetting to mention his own contributions while grilling others about theirs.

In the meantime, Rev. Sharpton might want to share some of his Teflon with candidate Clinton. Neither should leave home without it.

For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not intended as legal advice.