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# From Spanish Royals To American Tax Protestors, Tax Evasion Can Mean Jail

You might say these two stories are unrelated. On the one hand, members of the much criticized Spanish royal family are being hauled into court. Princess Cristina, the younger daughter of King Juan Carlos—who has his own image problems these days—must appear in court March 8th. The Princess faces [tax fraud](#) [and](#) money laundering charges.



The mess involves her husband, former Olympic handball player Inaki Urdangarin. He allegedly embezzled 6 million euros in public money from a charitable foundation. Princess Cristina hasn't been formally indicted, but it's still serious and embarrassing, adding to the royal family's woes and to the Spanish public's disenchantment.

The trial of a Spanish royal is a shocking development, though it is possible it will never come to that. But the idea that royals are subject to laws, even tax laws, should be no surprise. Indeed, at almost the same time, a veritable world away, in a Chicago federal courthouse, another type of royal of a decidedly less grandiose variety got her own legal comeuppance.

In this case, the putative royal was one Shannon Anzaldi, a 67-year old tax preparer who claims to be a “sovereign citizen” exempt from federal law. I’m not subject to your laws, she claimed. Regardless of whether she deserves a fancy title, though, Ms. Anzaldi was pretty savvy in milking the tax system and wringing refunds out of it. In fact, she and her two co-defendants fraudulently claimed nearly \$8 million in tax refunds between 2008 and 2010.

That’s some serious coin—of the realm. The refunds were fraudulent, of course, but still, Ms. Anzaldi and her co-defendants allegedly scooped up over \$1.2 million before being apprehended. With all that cash, Ms. Anzaldi probably should have hired a lawyer instead of representing herself. She was sentenced to just over five years in prison.

Even a good lawyer might not have carried the day. Yet it surely didn’t help Ms. Anzaldi’s case that she threatened prosecutors and vocally espoused the view that she was a sovereign and couldn’t be legally prosecuted. She didn’t exactly sound contrite, and most judges don’t have much patience for protest movements.

The sovereign (or sovereign citizen) movement is a made up of what most people call tax protesters. In effect, followers of this line of thought claim that they are subject only to common law, not to any codes or statutes of federal or state governments. Not surprisingly, that includes tax law. If you feel over-regulated, you might give it fleeting thought, but you would be better off not going beyond dreaming about it.

The sovereign movement doesn’t recognize U.S. currency—or key to this discussion—federal income taxes. You can’t tax us, they say. As you might imagine, that rubs the IRS as well as other federal agencies the wrong way. In fact, the FBI has suggested that the sovereign movement poses a domestic terror threat.

There is some basis for that worry, since there have been a few threats to make prosecutors take notice. At a minimum, it’s fair to say that some sovereign followers have tied up the courts. In a whole series of tax cases, arguments that people were just sovereigns and therefore could not be subject to federal taxes have failed.

Judges slam the sovereign theories soundly, saying there is simply no basis for these arguments in American law. In one recent case, a federal court that

sounded fed up with the sovereign lingo commented on the ALL CAPITAL LETTERS for terms that sovereign believers seem to prefer. Then the court said: “The Court therefore feels some measure of responsibility to inform Defendant that all the fancy legal-sounding things he has read on the internet are make-believe.”

As to poor Ms. Anzaldi, she should get out in about 5 years. By that time, the Spanish royal family will likely be long out of the soup.

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