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Wesley Snipes, Blade 4, And Post-Prison Tax Tips

Wesley Snipes received bad tax advice to follow a tax shelter that was more tax protest than legitimate tax reduction strategy. That's one reason he was treated harshly. His celebrity status probably had something to do with it too, since the feds like prominent targets. Mr. Snipes paid for his mistakes dearly, financially and with three years behind bars.

He was released from prison 18 months ago, but he had to pay huge sums to the IRS and his lawyers. Add to that the usual entertainer's debts, including charges for public relations. Ironically, Mr. Snipes was pursued by Sitrick & Company, the public relations agency that helped him while he fought felony tax evasion charges. Snipes was reportedly [served](#) with collection papers from the firm on the red carpet for *The Expendables 3*.

With all indications that [Wesley Snipes is coming back for Blade 4](#), there should be happier and more profitable times ahead. *Blade 4* should carry a nice payday, which should help Mr. Snipes make up for lost time. From 1999 through 2001, Snipes avoided \$7 million in taxes. Yet I'll bet he would have paid them willingly had he known what was coming.



Wesley Snipes (Photo credit: Wikipedia)

Mr. Snipes followed an accountant and an anti-tax advocate down a dangerous path. The advisers [claimed](#) they did not legally have to pay taxes. One of Snipes' original defenses was that he was relying on Eddie Ray Kahn and Douglas P. Rosile. They were convicted by the same jury of tax fraud and conspiracy and both got longer prison terms than Mr. Snipes. Yet the tax filings were still his responsibility.

Snipes must have been surprised by the trial, which was shorter than anticipated. He was a well-known figure and high earner, making about \$40 million from 1999 to 2004. That made not paying taxes hard to fathom. The big victory for Snipes was that he was acquitted of felony tax fraud and conspiracy, and only convicted of misdemeanor charges.

He [didn't file a false tax return](#), but was [convicted of three misdemeanor counts](#) of failing to file tax returns. He was sentenced to [McKean Federal Correctional Institution](#), and reported December 9, 2010. He finished at the adjacent minimum security [Club Fed](#). On appeal, Mr. Snipes argued that his sentence was unreasonable. He even claimed he couldn't get a fair trial because of his race. The U.S. Supreme Court turned him down.

When you are earning big, three years away from your profession hurts. Fortunately, Blade 4 could be a winner, and could help pay all his bills. The star-studded Expendables film turned out to be expendable, with meager collections.

Post prison, Mr. Snipes might be expected to dispense the following advice, though these are my assumptions, not his words:

1. Don't Argue Our Tax System is Voluntary. There is no percentage in arguing this, so don't bother.
2. Don't Use Off-beat Definitions of Income. Don't argue wages, tips, and other compensation received for personal services are not income. Avoid saying Federal Reserve Notes are not income or that only foreign-source income is taxable, making domestic income exempt. This was the kind of argument that ensnared Mr. Snipes.
3. Don't Argue Over Terms in the Tax Code. Avoid arguing that a taxpayer is not a "citizen" of the U.S. and thus not subject to tax laws. Avoid claiming the U.S. consists only of the District of Columbia, federal territories, and federal enclaves. Don't argue that only employees of the federal government are subject to federal income tax.
4. Don't Assert Constitutional Claims. Arguments based on the First, Fifth, Thirteenth and Sixteenth Amendments to our Constitution include such "nice try" claims as: Taxpayers can refuse to pay income taxes on religious or moral grounds by invoking the First Amendment; Federal income taxes constitute a "taking" without due process; and compelled compliance with federal income tax laws is servitude violating the Thirteenth Amendment.
5. Don't Assert Fictional Legal Theories. Avoid these "fictional" claims: The IRS is not an agency of the U.S. (You lose.) Taxpayers are not required to file a federal income tax return because the instructions to [Form 1040](#) and tax regulations don't display an OMB control number as required by the [Paperwork Reduction Act](#). (No again.) Don't claim you're a church. Don't buy "untaxing" trusts or other deals that sound like [infomercials](#).
6. Don't Rely on Others Without Checking Them Out. This may be the most important lesson of all. If something sounds too good to be true, it may be. For all his troubles, Mr. Snipes dodged a huge bullet when he was acquitted of felony charges, including conspiracy to defraud the U.S. He escaped those more serious charges, but he didn't get off scot-free.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.