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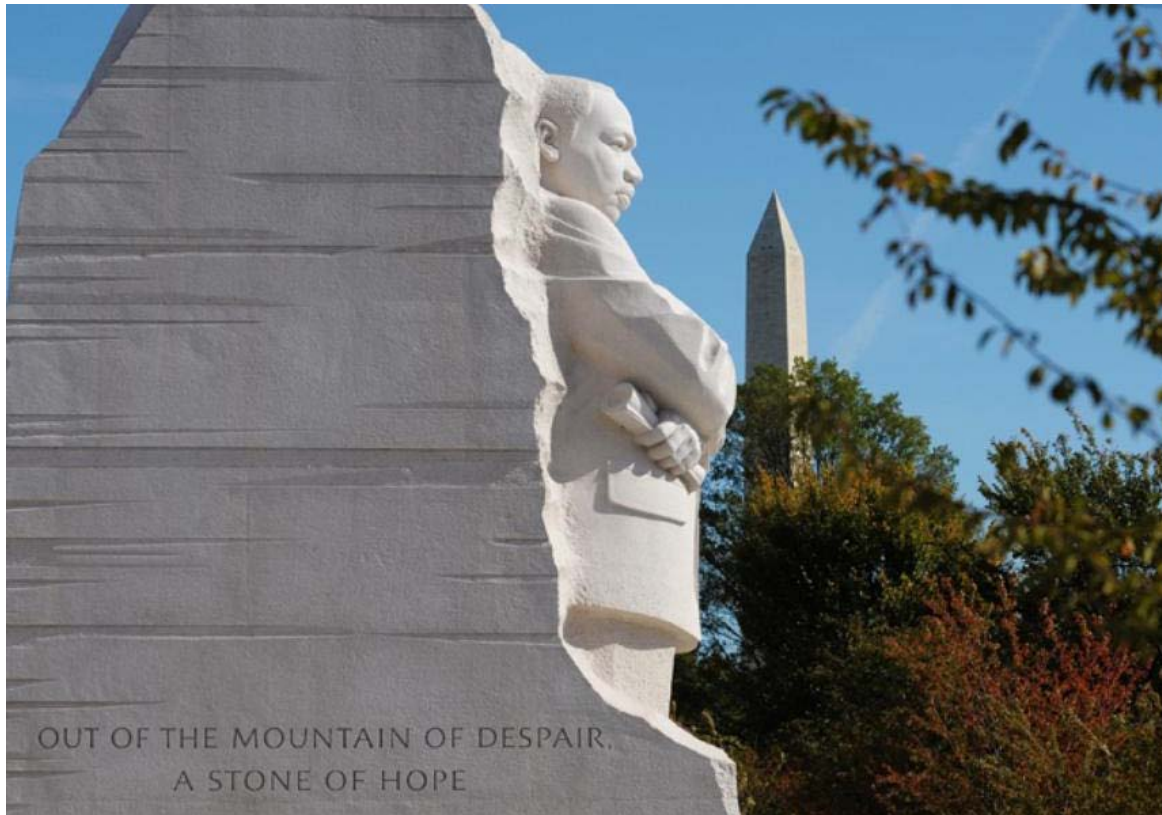
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Not Selma, Still Harrowing: Martin Luther King's Tax Evasion Trial

Dr. Martin Luther King, Jr. didn't shrink from controversy, but it followed him, even in taxes. Although he doubtless did not want to be audited, much less accused of a tax crime, he had a serious brush with the tax law. In taxes, simple reporting problems can lead to [crippling mistakes](#), and willfully evading federal income taxes is a felony. You are willful if you intentionally violate a legal duty of which you're aware. Yet [what the IRS calls 'willful'](#) can be hard to predict.

Even if you're ignorant, the IRS can say you are guilty of willful blindness, *intentionally* remaining ignorant! Most tax evasion cases are federal, but Dr. King was accused—and tried—for tax fraud in state court in 1960. He already had brushes with the law, and was a thorn in the side of southern officials who wanted nothing more than to derail his activities. In February of 1960, an Alabama grand jury indicted him and issued a warrant for his arrest on two counts of felony perjury. You guessed it, it was about his tax returns, signed under penalties of perjury.



Alabama charged that Dr. King had signed fraudulent 1956 and 1958 tax returns. A state audit claimed he had failed to report funds he received on behalf of the [Montgomery Improvement Association](#) and the [Southern Christian Leadership Conference](#). The latter was an organization Dr. King led from its inception until his death. The amounts weren't large, but prosecutors claimed Dr. King owed the state more than \$1,700. Dr. King was reportedly the first person in Alabama's history to be prosecuted for felony tax evasion.

King supporters formed the Committee to Defend Martin Luther King and the Struggle for Freedom in the South. The committee issued press releases denouncing the charges as misrepresentation because Dr. King's income had never approached the \$45,000 Alabama officials claimed King had received in 1958. Dr. King had kept a tally in his personal diaries, recording in considerable detail every donation given to him.

Most tax prosecutions end up in a plea bargain. Usually by the time there is an indictment, the government has a solid case, so many defendants end up pleading guilty to a negotiated deal. Not Dr. King. His trial in Montgomery, Alabama, opened on May 25, 1960. The defense noted that any expense reimbursements Dr. King received were nontaxable income. For this and other reasons, the state's case seemed weak. But then there was the clincher over targeting.

Taking the stand in his own defense (something most defense lawyers tell their clients not to do), Dr. King testified that the tax examiner had revealed he was “under pressure by his supervisors” to find fault with his returns. An all-white jury acquitted him. In a statement following the verdict King said: “This represents to my mind great hope, and it reveals that said on so many occasions, that there are hundreds and thousands of people, white people of goodwill in the South.”

For alerts to future tax articles, follow me on Forbes. 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.