

IRS Fact Sheet

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REPARATION SCAMS CARRY A PRICE

WASHINGTON – The Internal Revenue Service urges taxpayers not to fall victim to tax scams involving tax credits or refunds related to slavery reparations.

The IRS, including the agency's Criminal Investigation Division, has investigated these schemes for years. Numerous court cases illustrate that these reparations claims are not legal and have no standing in law. The following case summaries involving reparations and related scams are based public record documents on file in the court records:

- June 9, 1999. In Alexandria, Virginia, a tax accountant, Gregory Bridges, was sentenced to 57 months in prison after being convicted of 22 counts of filing false returns for clients, several of whom he claimed were owed a "black tax credit" as a reparation for slavery. Bridges told his clients that African-Americans could claim credits on their returns as a result of slavery and other oppressive treatment suffered by them. Bridges collected fees ranging from 10 to 30 percent of the refund in exchange for preparing the returns.
- July 1, 1999. In Dallas, Texas, minister Willie Foster was sentenced to two years in prison after being found guilty on 3 counts of filing false claims. Foster requested a "black tax" credit and received a check of more than \$30,000 from the U.S. Treasury. The following tax year, Foster agreed to help three others apply for the credit.
- September 26, 2000. In Tallahassee, Florida, a Miami-Dade County Circuit Court judge shut down and froze the assets of a company and its agent, Susan M. Sanchez, after making a bogus offer to secure tax credits for blacks. Susan Sanchez offered to help African Americans to recover a \$40,000 credit on their income tax. Sanchez required from potential clients a completed tax form and a \$100 money order.
- October 11, 2001. In Sherman, Texas, a promoter of a scheme to fraudulently advise African-American taxpayers that they were entitled to a "black tax investment" was convicted of filing fraudulent tax claims. Vernon T. James prepared 10 false, fictitious and fraudulent federal income tax returns for the years 1997, 1998 and 1999, with each return claiming a \$40,000 credit.
- October 12, 2001. In Dallas, Texas, Ben Badio, also known as Stephen A. Woods, was sentenced to an additional 11 months of imprisonment for knowingly and willfully failing to appear to begin serving his sentence. In November 1996, Ben Badio was sentenced to 3 years imprisonment as a result of his guilty plea to filing false claims against the government. Badio was a promoter of the "Black Tax" scam, and fraudulently advised African-American taxpayers that they were entitled to reparations based on a nonexistent provision.