



July 26, 2010

## **Conrad Black Fined \$71 million by IRS**

Former newspaper mogul Lord Conrad Black has been fined \$71 million in back taxes, penalties and interest charges by the IRS after his conviction on fraud charges. Black is currently serving a 6 ½ year prison sentence in a federal penitentiary in Coleman, Florida. The unpaid taxes, penalties and interests are from the tax years 1998 to 2003. Black has filed a petition with the Tax Court April 15 to cancel the IRS assessment against him.

Lord Black, the former chief executive of Hollinger International Ltd, contends that he was not required to file tax returns because he was not a US resident. Furthermore, he argues that the IRS assessment was based on 'sloppy and careless' findings derived from investigations that led to his fraud conviction.

Meanwhile, the IRS claims that the amount in question was derived from unpaid taxes on income derived from Black's use of the Hollinger company jet, company funds used to obtain confidential papers of former President Franklin D. Roosevelt and that of his private secretary and his company's purchase of a luxury \$5.9 million apartment in New York for his personal use in 2000.

The total amount also included income from alleged fraud-related theft and came up to \$46.5 million in unpaid taxes and a further \$24.2 million in penalties. Lord Black was a Canadian citizen until 2001. He is currently a citizen of the UK. While Black believes it is not obligatory for him to file tax submissions because of this, the IRS contends that he still has to submit his tax returns and is liable to pay tax even though he is not a resident.

In 2004, a report entitled, "A Corporate Kleptocracy" was written to expose the dealings of Lord Black, who along with some controlling shareholders, were alleged to have siphoned out \$400 million from Hollinger International over a period of 7 years. This amounted to 95% of the company's income during that period. In his petition, Black claimed that the allegations in the report were 'hopelessly biased, ignored critical facts and were the product of sloppy and careless investigative work by the special committee'.

Black's lawyer, Bryan Skarlatos, said that the IRS was trying to pin charges on Black on the basis that the income was derived in the US and therefore subject to US taxes. But Skarlatos is confident the petition would be successful because most of the charges that formed the basis of the IRS figures have been dismissed.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.