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## IRS and Gaming Commission Probe Indian Tribes

In the US, Indian tribes are considered sovereign nations. The tribes are given certain special benefits such as gaming licenses. 242 of 564 Indian tribes have gaming licenses; however, they are subject to federal laws and are governed by the Indian Gaming Regulatory Act that specifies that revenue must be spent on tribal or local government operations, economic development, charitable contributions and the general welfare of tribal members.

On the other hand, the law also permits tribes to distribute gambling profits to individual members under a federally approved "Revenue Allocation Plan" (RAP). About one third of tribes that own gaming licenses also have a RAP that allows them to allocate their profits to members of the tribe.

Recently, the National Indian Gaming Commission has accused the Seminole tribe in Hollywood of breaking the law over the years by spending hundreds of thousands of dollars on half a dozen members, allowing them to purchase jewelry, vehicles and other personal expenses using funds meant for the tribe. This deprived the tribe of operating income. The 3,500-member tribe operates the popular Las Vegas-style Hard Rock Hotel and Casino in Hollywood and Tampa.

The worst offender was Seminole Tribal Council member Max B. Osceola Jr. who allegedly used his tribe-issued American Express in 2006 to charge more than \$85,000 for jewelry, a Harley Davidson motorcycle, stereo equipment and other expenses.

Another tribe, the Miccosukee in West Miami-Dade also handed out casino proceeds to its members, including to one who received \$168,000 in 2008. Also, the IRS has been investigating a former Chairman of the tribe, Billy Cypress for alleged misuse of his tribe-issued credit card. In April, the IRS summoned Morgan Stanley Smith Barney, the Miccosukee tribe's Miami bank to reveal Cypress' credit card statements and other records from 2003 to 2005. According to sources, Cypress regularly used his tribe-issued Amex for trips to casino resorts in Las Vegas, Atlantic City and other cities. In addition, he owns as many as 10 homes in Miami-Dade, each valued between \$236,000 and \$435,000.

The actions on the Seminole and Miccosukee tribes show that federal authorities have been increasing their scrutiny on excessive personal spending by tribe leaders. The two tribes' annual revenues total about \$2 billion.

Other tribes also had their own infringements. Last year, the Yakama Indians in Washington State were fined \$5,000 for giving more than \$20 million in gambling profits to 10,000 members without government approval. But tribal leaders claimed the payments were to help members in get through tough times. However, the Gaming Commission said the Yakama's one-time payment was illegal as it was made before their RAP was approved.

The Miccosukee tribe contends that as a sovereign nation it doesn't have to turn over records. Unlike the Seminoles, the Miccosukees has never submitted a RAP to detail how they distribute their gambling profits to tribe members. The tribe comprises of about 650 members and owns a casino off Tamiami Trail where they operate bingo-style slot machines and poker games. Court records show that the Miccosukee tribe has been handing out money to their members for years.

On certain occasions, these payouts can become an issue in divorce cases involving mixed marriages. The Indian spouse asserts in court that such payments were 'gifts' and not income and thus need not be divided with the ex-spouse.