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Seneca Nation Casinos come under IRS Audit

The Seneca Indian Tribe, already under IRS investigation, have come under renewed scrutiny as the IRS launched an audit on its casino operations and its business dealings with employees and contractors. The IRS' earlier probe had to do with a \$2.1 million land deal as part of the tribe's proposed golf course in Lewiston.

The IRS declined to comment on the audit but according to reliable sources, the agency has requested a variety of documents from the tribe. These documents include official payments, fringe benefits and bonuses to its President Barry E. Snyder Jr., other employees and its casinos, records on how much the tribe pays to its members (amounting to more than 7,000) each year, documents on property lease agreements the tribe and its subsidiaries entered into, records of all payments, internal and external audit reports conducted by the tribe itself and independent external auditors. The IRS are interested in the financial affairs of the tribe from the year 2008 onwards.

The native American tribes in the US are granted certain special privileges such as exemption from federal income taxes and self-governance. These special privileges have provided unscrupulous business people with the opportunity to engage the tribes in unethical dealings that include fraudulent tax schemes. Thus the IRS has of late stepped up its plans to pursue individuals and companies involved in "abusive schemes" in collaboration with native Indian tribes.

Anyone with any knowledge of such schemes are required to contact the IRS at P.O. Box 227, Buffalo, New York, 14225-0227.

Various quarters have expressed their dissatisfaction over the tribe's reluctance in revealing information. Edna Gordon, 89, an outspoken tribal elder has voiced her complaint about being fed up of her own tribal government because of her many unanswered questions about the tribe's financial dealings over the years.

Robert W. Jones, co-chairman of Senecas for Justice and Preservation, also concurred that his organization has had difficulty getting information pertaining to Seneca Nation contracts. But he has questioned the IRS' legal right to audit stating that the Seneca Tribe is a sovereign nation. But the IRS clarified that the Seneca tribe members may be exempted from income tax but when they form an organization to operate a casino business, they are subject to business taxes.

In an external audit conducted by the MDB International Ltd, a firm based in Alexandria, Va. various questions about a land deal for the tribe's golf course were brought up. In this deal, the tribe paid \$2.1 million for land to build the Hickory Stick Golf Course. Out of this amount, Bergal Mitchell III, former vice president of the Seneca Gaming Corp., which runs the nation's casinos, received \$250,000, and his wife, Rachel, received \$90,000.

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