

FILED IN CLERK'S OFFICE
U.S. C. Atlanta

IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF GEORGIA

FEB 21 2005

LUTHER D. THOMAS, Clerk
Deputy Clerk

UNITED STATES,)
)
Plaintiff,)
)
v.)
)
DERRICK H. SANDERS,)
)
Defendant.)

Civil No. 1:05-CV-2458-JEC

Order

Plaintiff United States of America moves for an Order preliminarily enjoining Derrick Sanders from promoting a tax-fraud scheme and distributing documents in furtherance of this scheme purporting to establish that the Yamassee Native Americans are an indigenous Native American tribe whose members are nonresident aliens not subject to the jurisdiction of the United States and exempt from federal income taxation.

NOW, THEREFORE, it is accordingly ORDERED, ADJUDGED AND DECREED that:

1. Under 26 U.S.C. § 7408, a person may be enjoined if a court finds that the person has engaged in any conduct subject to penalty under section 6700 or 6701, and that injunctive relief is appropriate to prevent recurrence of such

conduct.

2. Sanders participated in the organization of a tax-fraud scheme, which is an entity, plan, or arrangement within the meaning of 26 U.S.C. § 6700(a)(1)(A).

3. In promoting this tax-fraud scheme, Sanders also assisted in the preparation of documents that he knows (or has reason to believe) will be used in connection with any material matter under the tax laws and that he knows will result in an understatement of the liability for tax, subjecting him to penalty under 26 U.S.C. § 6701.

4. In promoting the tax scheme, Sanders repeatedly makes false statements that Yamassee Native Americans are an indigenous Native American tribe whose members are nonresident aliens not subject to the jurisdiction of the United States and exempt from federal income taxation.

5. Sanders knew or had reason to know of the falsity of these statements. As part of this tax-fraud scheme, Sanders prepared at least five documents for his clients to use in claiming that they are exempt from federal taxation as members of the Yamassee Native American Tribe. Each of these documents reflects legal research done by Sanders to attempt to prove that his clients are nonresident aliens and not subject to federal income tax, and include citations to the Internal Revenue

Code and Treasury Regulations. These documents substantiate Sanders's familiarity with various provisions of the Internal Revenue Code. A reasonable person in Sanders's position would have discovered that the statements made in furtherance of the tax-fraud scheme are false.

6. The IRS notified the Mt. Arafat Embassy, of which Sanders asserts he is Grand Consul, that "the United States has not recognized your group as being a separate sovereign tribal entity," that "Mr. Arafat Embassy [does] not enjoy the limited relief from federal tax law that is afforded to federally-recognized Indian tribes," and that "your organization [is] fully subject to all of the tax laws of the United States, as listed in Title 26."

7. Sanders is or should be aware that the Yamassee Native Americans are not recognized as an Indian tribe by the Bureau of Indian Affairs, have no treaty with the United States, and have not been exempted by Congress from individual tribal members' obligation to pay federal income taxes.

8. Sanders's customers could rely--and did in fact rely--on Sanders's false statements in deciding to file IRS Forms W-8BEN with the IRS and their employers with the intent of having the employers not withhold federal income tax on their wages. As a result, Sanders's repeated false statements are "material"

within the meaning of sections 6700 and 6701.

9. Sanders has not acknowledged that he has organized a tax-fraud scheme and prepared documents used by his clients in furtherance of this scheme, and continues to serve as Consul to the Yamassee Native Americans. Sanders also continues to falsely state that the Yamassee Native Americans are recognized as a tribe by the United States and to sell nationalization documents at the www.yamassee.gov.ws website, including providing customers sample Yamassee Nationalization papers including tax-exempt status information. Thus, an injunction is necessary to prevent recurrence.

Accordingly, this Court ORDERS that:

1. Sanders and his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Order are enjoined under 26 U.S.C. §§ 7402 and 7408 from:

- a. promoting the Yamassee Native American tax scheme described in the Complaint or otherwise engaging in activity subject to penalty under 26 U.S.C. § 6700, including organizing or selling a plan or arrangement and, in connection with that activity, making a statement regarding the excludibility of income or the securing of any other tax benefit that he knows or has reason to know is false or fraudulent as to any material matter;
- b. Engaging in conduct subject to penalty under 26 U.S.C. § 6701,

including preparing or assisting in the preparation of a document related to a matter material to the internal revenue laws that he knows will (if so used) result in an understatement of another person's tax liability;

- c. Engaging in any conduct that interferes with the proper administration and enforcement of the internal revenue laws;
- d. engaging in any other activity subject to penalty under 26 U.S.C. §§ 6700, 6701 or any other penalty provision of the Internal Revenue Code; and
- e. misrepresenting any of the terms of this Order.

2. Sanders is ordered to mail, at his own expense, a copy of this injunction order within 14 days of the entry of this Order to all persons to whom he gave, sold, or distributed any materials related to the tax-fraud scheme set forth in the Complaint, and to all persons who contacted Sanders, or whom Sanders contacted (in paper form, via telephone, or through electronic means), regarding the tax-fraud scheme described in the Complaint. Sanders shall file a certificate of compliance, signed under penalty of perjury, with the Court within 15 days of the entry of this Order.


3. Sanders shall provide to counsel for the United States within 14 days of the entry of this Order a list of the names, addresses, e-mail addresses, phone numbers, and Social Security numbers of the following: (1) all persons to whom

Sanders gave or sold, directly or indirectly, any materials related to the tax-fraud scheme described in the Complaint; (2) all persons who assisted in the marketing or preparation of materials used by Sanders or written materials sent to potential customers; (3) all persons or entities who purchased or used any other tax shelter, plan, or arrangement in which Sanders has been involved; and (4) all persons who assisted Sanders with the scheme set forth in the Complaint.

4. Sanders shall display prominently on the first page of the www.yamasseegov.ws website a complete copy of this Order within 14 days of the entry of this Order, and shall keep the Order posted there until further order of the Court.

Dated: _____

2/17/06



Julie E. Carnes
United States District Judge