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### Big Legal Bills Of D.C.'s Mayor Vincent Gray? Tax Deductible

District of Columbia politicians don't have the most pristine reputation. Remember Mayor Marion Barry? In office from 1979 to 1991, Barry was videotaped smoking crack cocaine and served six months in federal prison. Yet he was re-elected to city council in 1992, then was Mayor again from 1995 to 1999.

D.C. isn't Chicago, where reportedly 79 officials have gone to jail just since 1979. Still, in the past four years half of D.C.'s top government officials have been under investigation. Two resigned, two served prison time and two have been closely connected to staff members who pled guilty to felonies.



Image credit: Getty Images via @daylife

Mayor Vincent Gray has some explaining to do after Jeanne Clarke Harris, a public relations consultant with Gray's campaign, pled guilty to running Gray's "[shadow campaign](#)" and funneling \$650,000 from wealthy D.C. businessman Jeffrey Thompson. Gray has not been charged with a crime, but [Mayor Gray should resign, most D.C. residents say](#).

Gray's campaign treasurer Thomas Gore pled guilty to two felonies and three misdemeanors.

Gray's campaign consultant Howard Brooks pled guilty to helping with the scheme and lying to federal prosecutors about it. But even if Gray is charged, one consolation should be tax deductions for what will almost certainly be big legal bills. As with the recent prosecution of John Edwards, any charges will likely relate to Gray's conduct in his chosen trade or business: politics.

That arguably makes his legal fees deductible. If you're in business, business related legal fees and settlement payments are generally tax-deductible. Even criminal charges don't prevent it. See [Acquitting John Edwards, \\$2M; Deducting His Legal Fees, Priceless.](#)

If the charges don't relate to your business or profession, it's tougher to claim deductions based on preserving your reputation. Who might argue legal fees are deductible even though personal? Perhaps [Winona Ryder](#) over alleged shoplifting, [Robert Blake](#) who was accused of killing his wife, telephone-brandishing supermodel [Naomi Campbell](#). Perhaps even [Lindsay Lohan](#) over two DUIs, multiple probation violations, and alleged theft of a necklace.

[Martha Stewart](#) paid huge legal fees on an obstruction of justice charge from the sale of Imclone stock. She sold 75,000 shares of Martha Stewart Living (raising \$4.67 million) to pay legal fees. Yet she sought reimbursement from her company (as an officer and director) for \$3.7 million of fees for successfully defending charges that she tried to lift her company's share price by declaring she was innocent of insider trading.

Michael Jackson's acquittal of child molestation carried estimated legal expenses as high as \$20 million. It's hard to see how he could deduct them. Ironically, Dr. Conrad Murray could probably deduct his own legal fees as a business expense even though he was convicted. He was treating Michael Jackson for pay and his legal expenses related to that trade or business. See [Michael Jackson Death Doctor Can Deduct His Legal Fees.](#)

By comparison, Mayor Gray's tax deduction seems pretty tame. Technically, expenses must be [ordinary, necessary and reasonable](#) to be deductible. But those standards aren't too tough.

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