



Robert W. Wood THE TAX LAWYER

TAXES 11/02/2014

From Jersey Shore To Real Housewives To Real Estate Gurus, Deducting Everything Can Be Tax Evasion

Some people search high and low for tax deductions, and while it's true there are some strange but legit deductions, be careful. No one wants to be challenged, which argues for keeping to the straight and narrow. You can't deduct everything, though some reality TV stars and self-made moguls seem to try. Self-promotion can sometimes attract trouble.

Right before Phoenix real-estate mogul Tanya Marchiol went on trial for money-laundering and tax-evasion, the Phoenix real-estate 'guru' admitted to evading taxes on \$1.4 million in income between 2008 and 2010. With no plea deal in place, Judge Susan Bolton delayed the trial until November 6. Marchiol founded Team Investments, billing herself as a real-estate guru with a celebrity client list and media appearances galore.

But the feds claim she fueled her empire with drug traffickers and laundered their money. They allege she had a history of not paying taxes and bragging about it in her book, "The Prosperity Principles: Secrets to Developing and Maintaining Generational Wealth." She advocated running lives like businesses "where everything you do can be deducted from your reportable income as a business expense." Sure, free speech is fundamental, but tax protesters get jail.



Reporters gather around Mike “The Situation” Sorrentino as he leaves the MLK Jr. Federal Courthouse in Newark, N.J., after a court appearance. (AP Photo/Julio Cortez)

It’s a common theme in tax cases. For Jersey Shore’s Mike “The Situation” Sorrentino, his indictment is over \$8.9 million tax evasion. The feds claim The Situation and his brother failed to pay taxes on income from two companies they controlled, MPS Entertainment, LLC and Situation Nation, Inc. U.S. Attorney Paul J. Fishman said. “The brothers allegedly also claimed costly clothes and cars as business expenses and funneled company money into personal accounts.”

When two stars of Bravo’s Real Housewives of New Jersey, Teresa Giudice and Giuseppe “Joe” Giudice, were indicted for conspiracy to defraud lenders, hide assets and income. The indictment alleged they intentionally concealed businesses they owned and concealed their income. They eventually took a plea deal that included jail time for each of them, staggered so one parent could stay home with their four children.

The charges facing the Phoenix real estate mogul Ms. Marchiol involve an alleged deal over a Phoenix house. The feds claim she bought it for two drug traffickers. Although she was eventually banned from marketing, selling or investing in real estate, it isn’t clear how closely she adhered to the ban.

A physician named Timothy Dale Jackson was found guilty of four counts of felony tax evasion and one of obstruction of due administration of the internal revenue laws. Prosecutors say the 50-year-old orthopedic physician funneled his practice income through the “Church of Compassionate Service,” a church the feds call a scam. Dr. Jackson took a vow of poverty, claiming that as a minister, he was tax exempt. Despite his vow of poverty, he had a successful practice. Still, he hadn’t filed tax returns or paid any taxes since 2003.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.