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Judge rips government prosecution of Palm Beach widow, places her on probation for 5 seconds for tax evasion

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BY JANE MUSGRAVE - PALM BEACH POST STAFF WRITER

WEST PALM BEACH – A 79-year-old Palm Beach woman on Thursday didn't just avoid a prison term for evading taxes on \$43 million in foreign accounts. A federal judge said Mary Estelle Curran deserves a presidential pardon.

Blasting the government for prosecuting the woman who had already paid a whopping \$21.6 million penalty to the Internal Revenue Service, U.S. District Judge Kenneth Ryskamp placed Curran on probation for one year. He then immediately revoked it.

"You were on probation for about five seconds," he told her.

He then urged Curran's attorney, Roy Black, to seek a presidential pardon.

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Mary Estelle Curran (left), 79, of Palm Beach, walks out of the Paul G. Rogers Federal Courthouse with her daughter-in-law Charlotte Cottrell Curran Thursday, April 25, 2013 in West Palm Beach. Curran was sentenced to one year probation, but U.S. District Judge Kenneth Ryskamp immediately revoked it and sent Curran home. (Bill Ingram/The Palm Beach Post)

“The court thinks this woman’s felony should be removed and if the government doesn’t join in, it’s just spiteful,” Ryskamp said.

In his 43 years of practicing law, Black said, he had never heard a judge make such a statement.

Black declined to criticize federal prosecutors, saying they were just doing their jobs. But Ryskamp didn’t share Black’s reticence.

He asked Assistant U.S. Attorney Mark Daly why the government pursued Curran, who contacted the IRS in 2009 after realizing she should have paid taxes on the money she inherited when her husband died in 2000.

“The government has to draw a white line,” Daly said.

“The government doesn’t have to do anything,” Ryskamp shot back. “The government has a lot of discretion, and the government decided to make a felon out of this woman.”

Roughly 50 others have been prosecuted since the IRS in 2008 began a crackdown on foreign tax havens. Most intentionally hid money in foreign banks to avoid paying taxes, Black said. They figured out cunning ways to funnel money back into U.S. accounts. They made extravagant purchases.

Curran, he said, did none of that. A housewife who devoted her life to charity work, she left personal financial decisions to her husband, Mortimer Curran, a money manager. After he died and she was forced to deal with tax attorneys and accountants, she didn’t mention the money that was kept in banks in Switzerland and Liechtenstein.

Daly said she should have.

But, Black countered, it wasn’t earned in the U.S. It grew from a \$1 million inheritance her husband received in 1982 from an aunt who died in Monte Carlo. Since it wasn’t earned or spent in the U.S., she didn’t think it was subject to taxation here, Black said.

“A lot of reasonable people would think you don’t have to report it,” Ryskamp agreed.

When she found out she did, she contacted an attorney in early 2009, asking him to disclose it to the IRS, Black said. Unfortunately, he said, the lawyer didn’t immediately act.

By the time he filed the paperwork, UBS in Switzerland, which was caught in an IRS sting helping Americans evade taxes, had given federal prosecutors the names of thousands of



Mary Estelle Curran (left), 79, of Palm Beach, walks out of the Paul G. Rogers Federal Courthouse with her daughter-in-law Charlotte Cottrell Curran Thursday, April 25, 2013 in West Palm Beach. Curran was sentenced to one year probation, but U.S. District Judge Kenneth Ryskamp immediately revoked it and sent Curran home. (Bill Ingram/The Palm Beach Post)

Americans who held foreign accounts. Curran's name was on the list. The U.S. Justice Department geared up to prosecute her.

At roughly the same time, the IRS launched an amnesty program. It allowed 38,000 people to avoid prosecution if they voluntarily disclosed their foreign holdings. Those people paid 20 to 30 percent penalties.

In contrast, Curran was deemed ineligible for the program because her name was on the list, and paid 50 percent of her foreign holdings as a penalty. The \$21.6 million was 30 times more than the back taxes she owed, Black said. In November, she was charged with two counts of tax evasion. In January, she pleaded guilty.

Walking from the courtroom with her daughter-in-law Thursday, Curran declined comment.

Dozens of Palm Beach residents and family members wrote letters to Ryskamp, lauding Curran and urging leniency. Many mentioned her work for charities, such as the Rehabilitation Center for Children and Adults, Opportunity Inc. and Bethesda-by-the-Sea Episcopal Church. Her niece, who is legally blind and lives in Curran's native Canada, offered to go to prison for her aunt if Ryskamp deemed such punishment was justified.

Curran didn't expect to be sent to prison, Black said. Federal prosecutors and probation officials recommended she be placed on probation rather than sent to prison for three years.

Still, Black said, the experience was traumatic. "Being thrown into this is difficult for anyone, much less someone who has always been so protected," he said.

About this case

Mary Estelle Curran, 79, was charged in November 2012 with failing to pay taxes on \$43 million her late husband left her in accounts in Switzerland and Liechtenstein.

In January, the Palm Beach widow pleaded guilty to two counts of tax evasion after paying \$21.6 million in penalties.

On Thursday, U.S. District Judge Kenneth Ryskamp placed her on probation for a year, immediately revoked it and urged her attorney to seek a presidential pardon.

The amount found in Curran's accounts is one of the largest individual tax evasion cases since the U.S. in 2008 began a crackdown on those who use foreign tax havens to hide assets from the government.