

Larry's Tax Law

The Saga Ends With Ex-Tax Court Judge Pleading Guilty to Cheating on Her Taxes

By Larry Brant on 10.27.16 | Posted in Internal Revenue Service, Tax Laws

As previously reported, former U.S. Tax Court judge Diane L. Kroupa and her now estranged husband, Robert E. Fackler, [were indicted](#) on charges of conspiracy to defraud the United States, tax evasion, making and subscribing a false tax return, and obstruction of an Internal Revenue Service audit. On September 23, 2016, Mr. Fackler [pleaded guilty](#) to attempting to evade more than \$400,000 in federal taxes. He also signed a plea agreement wherein he sets out in some detail a long-term scheme, which he proclaims was masterminded by Ms. Kroupa to evade taxes.

Fast-forward four weeks following Mr. Fackler's plea. After what appears to having been thrown under the bus, on October 21, 2016, Ms. Kroupa pleaded guilty to conspiring with the estranged Mr. Fackler, to fraudulently omitting nearly \$1 million of income from their federal tax returns. The activity giving rise to the indictment and subsequent plea appears to have transpired for almost a decade – while Ms. Kroupa was a U.S. Tax Court judge.

Shea Jones, Special Agent in charge of the St. Paul, Minnesota field office said following Judge Kroupa's guilty plea:

“Those charged with upholding the laws are not above the law.”

The fraudulent acts committed by Ms. Kroupa and Mr. Fackler, per the indictment, include:

- Deducting personal expenses as business expenses (e.g., pilates class tuition; music lessons, vacations, home renovation costs, vacation rental fees, home utilities and foreign language tutoring);
- Understating income by almost \$1 million;
- Omitting the sale of real property; and
- Falsely claiming insolvency to avoid taxation on cancellation of indebtedness.

It is surely a regrettable day for our nation's tax system. Prior to the indictment, Ms. Kroupa appears to have had an honorable and untarnished career as a tax lawyer. She served as a judge on the Minnesota Tax Court, an attorney advisor for the Internal Revenue Service and

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practiced tax law in a Minneapolis law firm. Thereafter, Ms. Kroupa was appointed to the U.S. Tax Court in 2003 (retiring in 2014).

Sentencing hearings have not been set yet. Hopefully, those hearings will put an end to this sad saga.

Tags: Diane Kroupa, indictment, Individual Income Tax Return, tax evasion, U.S. Tax Court