

JASPAN



SCHLESINGER_{LLP}

ATTORNEYS AT LAW

IRS WIN FOR MADOFF VICTIM

Last week, Jaspán Schlesinger LLP won a \$5 million refund from the Internal Revenue Service for a client whose estate was one of the many victims of Bernard Madoff's investment fraud.

In short, a deceased New York City woman's \$40 million trust for her children and grandchildren was partially invested in Madoff's holdings. When Bernard Madoff became executor of the woman's estate, he moved the rest of her investments into his firm, and filed false returns on behalf of the estate which inflated its value as part of his greater scheme.

"This one account was but a mere part of Madoff's 'Grand Illusion,' but his actions here significantly damaged the beneficiaries of the estate," noted Steven Schlesinger.

The argument of Schlesinger and James Leonard of the Taxation Practice Group was that Madoff had utilized the IRS as an instrument of his wrongdoing to the detriment of the client's estate. The client had no knowledge that the estate's tax filings were inflated, and that it was paying heavy taxes on what were nonexistent funds.

"We are tireless when it comes to preserving our clients' wealth and advocating for justice from taxing authorities," stated Leonard.

Originally the estate paid \$12.5 million in taxes on the artificially inflated value of the estate, but in reality it should have paid about \$5.1 million. Jaspán initiated action against the IRS in 2015 over the \$7.4 million difference. After trustee and beneficiary adjustments, the client will receive a net refund of approximately \$5 million.

About the author



[James D. Leonard](#) – *Tax Certiorari and Condemnation Practice Group*

James D. Leonard currently supervises the day to day operations of the Firm's Tax Certiorari and Condemnation Practice Group.

Mr. Leonard received his accounting degree from Bernard M. Baruch College City University of New York and his Juris Doctor from St. John's University School of Law. He also received his Master of Laws in Taxation from Villanova University Charles Widger School of Law. He is admitted to practice law in the State Courts of New York, the United States District Courts for the Eastern and Southern Districts of New York, and the United States Tax Court. Mr. Leonard is a member of the New York State Bar Association, Nassau County Bar Association and Suffolk County Bar Association.