

# Obligation to Report Tax-Related Misconduct

University of Texas 67<sup>th</sup> Annual Taxation Conference  
December 4, 2019

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## *Sheridan v. Sheridan*, 247 N.J. Super. 552 (1990)

- During a divorce proceeding, it came to light that the parties were funding their lifestyle through undeclared income.
- Court held that it could not equitably divide the illicit or illegal funds.
- Additionally, the Court held that it had an obligation to report the wrongdoing to the appropriate authorities.

What statutes inform the duty to  
disclose noncompliance?

18 USC § 4 - Misprision of Felony

# Misprision of Felony

Whoever, having knowledge of the actual commission of a felony cognizable by a court of the United States, conceals and does not as soon as possible make known the same to some judge or other person in civil or military authority under the United States, shall be fined under this title or imprisoned not more than three years, or both.

## Misprision of Felony (cont.)

- Violations of the misprision of felony statute, however, are rarely prosecuted.
- A mere failure to report the felony to the IRS is insufficient for a criminal charge and conviction. *U.S. v. Johnson*, 546 F.2d 1225, 1227 (5th Cir. 1977).

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First appeared as part of the conference materials for the

67<sup>th</sup> Annual Taxation Conference session

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