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'Real Housewives' Face Real-Life Indictment--And Not Only On Bravo

Two stars of Bravo's [Real Housewives of New Jersey](#), Teresa Giudice and Giuseppe "Joe" Giudice, [have been indicted](#) for conspiracy to defraud lenders, illegally obtain loans, hide assets and income. The charges include conspiracy to commit mail and wire fraud, bank fraud, making false statements on loan applications and bankruptcy fraud. Giuseppe Giudice also faces charges for failure to file his 2004 through 2008 tax returns. Mr. Giudice is alleged to have earned almost \$1 million—\$996,459 to be exact—during those years.



Teresa Giudice and her husband Giuseppe "Joe" Giudice

An indictment, it must be noted, isn't a conviction, and everyone who is indicted is presumed innocent. Still, sometimes it's human nature to relish the stories. And human nature, as reality TV confirms, can be less than pretty. Even in New Jersey.

Teresa Giudice is 41, and her husband, Giuseppe "Joe" Giudice, is 43. The indictment alleges that they lied to the bankruptcy court, the IRS and banks.

See [‘Real Housewives’ stars indicted on 39 counts of fraud](#). “The privilege of living well in the United States carries certain real responsibilities, including filing tax returns when required and paying the correct amount of tax,” said Special Agent Shantelle P. Kitchen of the IRS’s Criminal Investigation Division. See [2 stars of ‘Real Housewives of New Jersey’ indicted on fraud charges](#).

From 2001 through 2008, the indictment claims, Giuseppe and Teresa Giudice submitted fraudulent mortgage and loan applications to lenders to get loans. These were no mere rounding errors. They claimed they were employed and receiving substantial salaries when they weren’t, the indictment alleges.

Their allegedly made-up submissions included fake W-2 Forms and fake pay-stubs, the indictment says. In 2009, the Giudices filed for bankruptcy. As part of their bankruptcy filings, they had to disclose their assets, liabilities, income, as well as anticipated increases in income. The indictment alleges that they intentionally concealed businesses they owned and concealed their income from rental property.

But the real kicker is the alleged failure to mention Teresa Giudice’s income from the show, website sales, and her personal and magazine appearances. When Season 2 of [Real Housewives of New Jersey](#) looked rosy, they didn’t mention that money either, the feds claim.

If they are convicted, how bad could this be? Pretty bad:

- The charge for conspiracy to commit mail and wire fraud can carry up to 20 years in prison and a \$250,000 fine.
- Bank fraud and loan application fraud counts each carry up to 30 years in prison and a \$1 million fine.
- The bankruptcy fraud counts each carry up to five years in prison and a \$250,000 fine.
- Each failure to file a tax return count can carry up to one year in prison and a \$100,000 fine.

If there’s a silver lining in this grim Jersey picture—and admittedly, it would be hard to stare this down and find something positive—it’s probably that the tax charges are not as serious as they could have been. You can be prosecuted for failure to file a tax return (a misdemeanor) or filing falsely (a felony). Yet the latter is more serious and the penalties are more frightening.

Wesley Snipes was tried on both felony and misdemeanor tax charges, but was only convicted of misdemeanors. As Snipes' misdemeanor convictions show, failing to file carries smaller penalties than filing fraudulently. See [Wesley Snipes Turns 50 In Prison But Didn't File False Tax Return](#). In 2008, Snipes was [convicted of three misdemeanor counts](#) of failing to file tax returns.

Mr. Snipes was a well-known figure and high earner, earning \$40 million between 1999 and 2004. The big relief for Snipes was that he was acquitted of felony tax fraud and conspiracy charges, and only convicted of misdemeanors. See [Wesley Snipes Turns 50 In Prison But Didn't File False Tax Return](#). But that meant up to 3 years, which he got.

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.