

KC lawyer admits debt



JIM McTAGGART/The Star

Lawyer Robert G. Duncan (left) leaves the courthouse with his attorney, John P. O'Connor (right), and his son, Stephen Duncan.

He owes IRS \$655,000 for failing to pay his income taxes since 1983.

By JOHN T. DAUNER
Staff Writer

Robert G. Duncan, a prominent Kansas City criminal defense lawyer, pleaded guilty Tuesday to evading federal income taxes since 1983 after prosecutors charged that he owed \$655,000.

Duncan pleaded guilty to misdemeanor charges of willfully failing to pay income taxes in an unusual court action in which he was arraigned on the charges, pleaded guilty and sentenced on the same day.

He was placed on probation for three years after negotiating a plea agreement with federal prosecutors. He will serve the first two months of probation in a halfway house and the next four months in home confinement, both with provisions for work release.

U.S. Magistrate John T. Maughmer also ordered Duncan to pay \$157,840 in restitution. In addition, he must complete 400 hours of community service work, preferably free legal work through a Kansas City Metropolitan Bar Association program.

The sentence, which included a long list of conditions, was designed to put Duncan on the road to paying his taxes, which total more than \$655,000! with interest and penalties, Maughmer said.

When it was his turn to speak in court, Duncan turned to a courtroom crowded with defense lawyers and prosecutors and apologized and thanked them for their presence.

"I have embarrassed my friends, my family, my
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firm and the practice of law I love," he said. "I hope to make amends."

Duncan said after the hearing that his tax problems, with the threat of criminal proceedings, have been hanging over him since 1982 when he lost money in a failed Virgin Island hotel venture.

"I'm glad it's over," he said.

Duncan is a familiar figure in area state courts, representing capital murder and other high-profile defendants. In federal court he represented co-defendants in the cocaine trial of former Kansas City firefighter Gilbert Dowdy and in the pharmaceutical fraud case of reputed Kansas City mob boss Anthony Civella.

Duncan is scheduled to be back in federal court this morning representing convicted heroin smuggler Charles Smiley at his sentencing.

The Missouri Supreme Court still could suspend or revoke Duncan's license to practice law. But most lawyers said they thought that was not likely.

According to Duncan's tax returns, he normally has an income in excess of \$100,000 a year. As long as he keeps his law license, he can make money to repay the Internal Revenue Service.

The investigation was conducted by David Farnham, a lawyer with the criminal tax division of the U.S. Department of Justice. An outside prosecutor was brought in because of Duncan's lengthy relationship with federal prosecutors in Kansas City.

During the investigation, Farnham said, the Justice Department contemplated filing felony and misdemeanor charges. But because Duncan agreed to waive indictment and plead guilty to misdemeanor charges, felony charges were not pursued, he said.

A felony conviction would have cost Duncan his license to practice law.

Duncan was formally charged with willfully failing to pay taxes for the years 1986 through 1989,

when he filed returns reporting income totaling \$423,125. He was allowed, however, to plead guilty to charges covering only 1988 and 1989. Charges involving 1986 and 1987 were dismissed.

Farnham said Duncan's actions since 1983 showed he had willfully and criminally avoided paying taxes.

The IRS made a deal with Duncan in the mid-1980s to pay \$2,000 a month on his 1983 taxes. But Duncan missed about half of the payments, Farnham said.

Duncan's taxes for 1984 and 1985 still have not been paid, the prosecutor said.

In the meantime, Duncan invested in tax shelters, traveling the world and supporting the "lavish lifestyles of three adult stepchildren" who charged thousands of dollars in travel and purchases to credit cards he gave them, Farnham said.

Duncan paid \$193,000 to credit-card companies from 1986 through 1989, much of it for expenses run up by the stepchildren, Farnham said. He paid the IRS only \$53,000 during that period.

"He said it wouldn't make much of a dent in his tax liability," Farnham said, "but it would have in the stepchildren's lifestyle."

Duncan told an IRS agent, "Uncle sugar (Sam) is the best creditor a man ever had," Farnham said.

"The only one to get stiffed was the government," the prosecutor said.

Duncan's attorney, John P. O'Connor, said his client was a "terrible bookkeeper and needs financial counseling."

But citing Duncan's contributions to the Missouri Bar, particularly the free legal work he has contributed in more than 30 years of practice, O'Connor asked Maughmer to consider alternatives to the six to 12 months in prison that he could impose on Duncan.

Maughmer said he considered Duncan's failure to pay his fair share of taxes a "very serious offense," all the more so because

Duncan is a lawyer and should be held to a higher standard.

But Maughmer said the tax problem was one exception to a record of honesty and high moral character.

He said Duncan seemed to be a victim of the "selfishness and callousness" of his stepchildren and an inability to control his finances.

"I believe the public interest will be served by a sentence other than prison, one that will keep you working," Maughmer said.

Duncan was ordered to surrender all of his credit cards and to seek financial counseling at his own expense.

And the judge ordered Duncan to begin paying the IRS on a schedule to be approved by the probation office. The judge said he expected most of Duncan's income to go toward paying his taxes.

"I'm sorry they were so hard on the stepchildren," Duncan said after leaving the courtroom. "They were just doing errands for me."

Rumors of the investigation into Duncan's tax problems have been circulating in the legal community for months. Still, area lawyers expressed sadness about the conviction.

Larry Harman, a lawyer and former Clay County prosecutor, said: "It's unfortunate. I know Mr. Duncan feels great remorse he became involved in the system. He has worked hard to bring credit to the system. It's sad."

Harman said Duncan is "a fearless defense lawyer. He's not afraid of anything. His fault is probably being too generous."

Duncan is willing to "take appointments on terrible cases that nobody else would want."

J.B. Chancellor, one of Duncan's law partners, said: "I'm relieved he's not going to prison... I hope he can get on to practicing law like he always has because the legal profession certainly needs him."

Staff writer Greg Kuhl contributed some information for this article.