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## 7 charged in phony tax shelter scheme

Former Chicago accounting firm chief, head of law office among 6 local defendants

June 10, 2009 | By Ameet Sachdev, TRIBUNE REPORTER

Some of Chicago's biggest names in promoting tax shelters were indicted Tuesday in New York on charges that they helped generate phony losses of \$7.3 billion to help wealthy clients cut their tax bills (this sentence as published has been corrected in this text).

Denis Field, 51, former chairman and chief executive of the BDO Seidman accounting firm, and Paul Daugerdas, former Chicago head of the defunct Jenkins & Gilchrist law firm, were among seven people charged with fraud and conspiracy in selling questionable tax shelters.

FOR THE RECORD - This story contains corrected material, published June 11, 2009.

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The indictments add momentum to a long-running investigation of tax dodgers by the U.S. attorney's office in Manhattan. Because tax shelters are hard to detect on individual tax returns, the government is going after suspected tax cheats by targeting their professional advisers.

Federal prosecutors allege that one of the nerve centers of the fraud was Chicago, where a web of lawyers, bankers and accountants helped more than 900 wealthy clients skirt taxes over a decade, ending in 2004. And the seven defendants collected \$180 million in fees over a four-year period. Daugerdas is accused of pocketing \$95.7 million of that total.

Daugerdas, 58, of Wilmette denies "any participation in or approval of any wrongdoing in connection with his rendering of professional legal services," spokeswoman Margarite Wypychowski said in a statement. "Paul Daugerdas firmly believes that the tax advice provided to his clients was well within the scope of then-existing federal tax law."

The indictment accuses Daugerdas and two partners of an extensive role in the design and implementation of the tax shelters, which went by various names such as Homer, SOS and Swaps. The lawyers also blessed the shelters through so-called opinion letters, which were a critical part of the sale.

Jenkins & Gilchrist turned to BDO Seidman to help market the tax strategies to clients. At BDO, one of the nation's largest accounting firms, the tax-shelter team became known in-house as the "wolf pack." It was led by tax-practice head Field, who became chief executive of the firm in January 2000. Field is accused of reaping \$24.6 million from 1998 to 2002.

His attorney, Caroline Rule, denied the charges, saying that Field believed the tax shelters were "legitimate tax planning."



"It took awhile, but I don't think the indictments today were unexpected," said **David Deary**, a Dallas lawyer who has sued professional advisers on behalf of clients who bought the tax shelters.

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 People were wondering when the government would get around to indicting these specific individuals."

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The indictment also charged former BDO tax partner Robert Greisman, 48, of Deerfield.

In a statement, BDO said it had cooperated "fully" and "will continue to do so." The statement said that the group of partners within the firm that marketed tax shelter products was dissolved "several years ago."

Three BDO accountants -- Charles Bee, Adrian Dicker and Michael Kerekes -- have already pleaded guilty to related criminal charges.

According to the indictment, the two firms worked with an unnamed bank to coordinate the complex transactions that generated the phony paper losses for clients.

Federal prosecutors charged two of the bank's employees, Raymond Craig Brubaker, 53, of Plano, Texas, and David Parse, 47, of Elmhurst with multiple counts of conspiracy, fraud and tax evasion. Civil court documents show Brubaker and Parse worked for Deutsche Bank.

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Also charged were former Jenkins & Gilchrist partners Erwin Mayer, 45, of Winnetka and Donna Guerin, 48, of Elmhurst. Lawyers for four of the defendants issued general denials to the charges to Bloomberg News. The attorney for Greisman declined to comment, the news service reported.

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