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# BUSINESS

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## Tax Avoidance

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**Good accountants know how to save their clients money on 15. But the demise of a respected Dallas law firm shows that some of the nation's leading tax specialists went too far.**

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It took 50 years to build Jenkens & Gilchrist from a boutique Dallas law firm to a national player. The fall was much quicker. Once the fastest-growing law firm in the country, Jenkens & Gilchrist disbanded March 31 after a four-year battle with the Internal Revenue Service over what the firm finally conceded were fraudulent tax shelters that it designed and promoted. The closure of Jenkens was part of an agreement with the Justice Department that included payment of a \$76 million fine, an admission of guilt and Jenkens's promise to cooperate in the government's ongoing investigation of illegal tax shelters.

The demise of one of the most respected law firms in Dallas is only the latest episode in the federal government's ongoing crackdown against questionable tax shelters. In the go-go '90s, tax-accounting gurus had created a series of tax shelters with rock star names like BOSS, son of BOSS, and a Jenkens spin-off called COBRA. These shelters allegedly sapped the federal treasury of an estimated \$17 billion a year before the IRS started shutting them down in 2003. Jenkens was just one of many major firms that sold these tax-avoidance products to their wealthiest clients.

At one time, all six of the largest accounting firms in the United States were heavily promoting these tax vehicles. And several investment banks, including Lehman Brothers and Citigroup, were performing the financial transactions.



Meantime, the mass-marketed tax shelters have largely been abandoned by firms. "Our members are telling me that they wouldn't touch anything that looks like a tax shelter with a 10-foot pole," says Tom Ochsenrath, managing director for taxation for the American Institute of Certified Public Accountants. "They want to be the next **Jenkins & Gilchrist**." A minority of "loose cannons" at firms were promoting tax shelters to begin with, he insists.

**Behind The Row:**  
**Ashley Olsen**

Jenkins & Gilchrist had a long and successful history before it got into the shelter business. It opened in 1951 with close ties to a Dallas Cowboys' cofounder and his oil-tycoon father. It weathered the Texas savings-and-loans real-estate crash of the 1980s and rebounded the next decade as a coast-to-coast operation. At its peak just a few years ago, Jenkins had offices in New York, Los Angeles, and Washington, D.C.; more than 600 attorneys and a revenues topping \$300 million.

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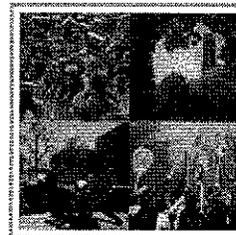
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