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Beer family tax suit probed

Jim Jeddelloh, ex-director of crime panel, fights to keep CPA certification

BY NICK BUDNICK

The Portland Tribune, Jul 24, 2008, Updated Oct 30, 2009

The former head of Portland's Citizens Crime Commission, Jim Jeddelloh, last week settled a lawsuit accusing him of financial fraud and professional malpractice, and now must defend his professional reputation before state regulators.

Recently filed court documents detail the allegations against Jeddelloh, one of Portland's most well-known accountants, who was accused of victimizing one of the city's more prominent business clans, the Maletis family. At the time, Jeddelloh was a principal shareholder in Portland's biggest accounting firm, Perkins & Co.



JIM JEDDELOH

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The case focuses on whether the tax adviser and his then-company were serving his client's best interests — or his own.

Although the case was settled, the original allegations now are under scrutiny by the state Board of Accountancy, the Portland Tribune has learned, in an investigation that could lead to a suspension or even a revocation of Jeddelloh's professional certification.

That's significant because Jeddelloh, 56, is no ordinary CPA.

He used to serve on the board of companies like Key Bank Oregon and the Oregon Health & Science University. An avid golfer, he played with some of the most influential residents of the city — such as the Maletis brothers.

The Maletis family for decades owned a beer and wine business that held the Anheuser-Busch distributorship rights to the region.

According to court records, in 2000 Chris Maletis III and his brother Tom sold their share of the family beer distributorship to their other brother, Rob, for nearly \$30 million.

Facing a hefty capital gains tax on the transaction, the two were intrigued when, according to their suit, Jeddelloh approached them in the parking lot of the Pumpkin Ridge Golf Club in May or June of that year with a "great opportunity" to cut their tax bill on the sale.

At a subsequent meeting, the suit said, Jeddelloh explained that a strategy of investing in currency options, with the help of a large national tax advising firm, BDO Seidman, would provide tax gains to the Maletises far greater than any possible losses.

In fact, the Maletises claimed Jeddelloh told them that the tax shelter was completely legal and a "no-brainer."

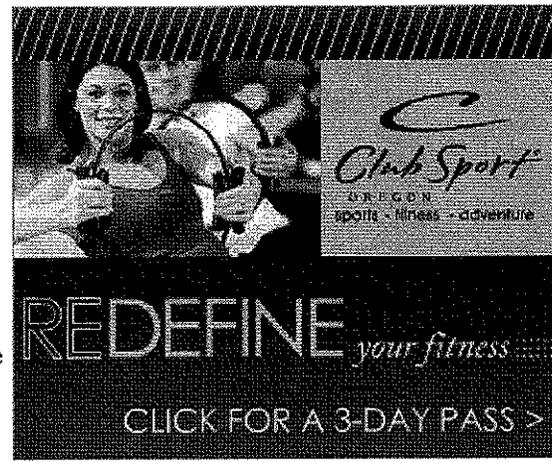
Brothers file lawsuit

Only later, in 2004, did the Maletises hire their own attorney, who informed them that the tax shelter was illegal and that the brothers and their families faced significant penalties by engaging in it.

In 2005, the brothers sued Jeddelloh and Perkins & Co. with the help of **David Deary**, a Texas trial lawyer who has made headlines in the Wall Street Journal and The New York Times, among other media outlets, by accusing national tax and law firms of knowingly selling bogus tax shelters in order to generate fees.

On July 9 of this year, **Deary** filed a voluminous set of briefs that include internal Perkins & Co. correspondence, as well as deposition testimony that he said supports his claims.

In essence, the lawsuit argues that if the Maletises had realized that the accounting firm they were paying for unbiased advice was simultaneously



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getting paid by another firm to sell them a particular tax shelter, they would have sought independent advice — advice that could have saved them a lot of money.

Among the highlights of the court records:

- Jeddelloh admitted in a court deposition that he did not inform the Maletises of an August 2000 IRS notice to CPAs that the agency would disallow the exact type of tax shelter the Maletises undertook four months later.
- When BDO Seidman told Jeddelloh that the tax shelter was nevertheless legal, court records show he did not independently confirm that his clients were on safe ground — in his deposition, he argued that it wasn't his responsibility to do so.

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