



*United States Attorney  
Southern District of New York*

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**ATTORNEY PLEADS GUILTY TO CRIMINAL TAX CHARGES**  
**RELATED TO TAX SHELTERS, CONCEALED INCOME,**  
**AND FALSE DEDUCTIONS**

LEV L. DASSIN, Acting United States Attorney for the Southern District of New York, announced that JAY I. GORDON, an attorney, pleaded guilty earlier today to a two-count Information charging him with obstructing the due administration of the internal revenue laws, and conspiracy to defraud the Internal Revenue Service ("IRS") and to violate the tax laws. GORDON was a member of a major Miami law firm and, between 1999 and 2004, was the head of the tax practice in the law firm's New York City office. In summary, according to the Information filed in Manhattan federal court and statements made during GORDON's guilty plea:

GORDON obstructed the due administration of the tax laws by referring various clients to a tax shelter boutique that paid GORDON over \$400,000 in referral fees in 1999; GORDON, however, did not disclose those referral fees to the clients, the law firm, or to the IRS. In 2001, GORDON referred additional clients to the tax shelter boutique and to a bank that engaged in tax shelter transactions; GORDON received over \$268,000 in referral fees in those instances via "Albert Edward LLC," an entity GORDON had created in 1999 to receive certain of the referral fees for that year. The Albert Edward LLC tax returns for 2001 and 2002 did declare those referral fees to the IRS; however, GORDON evaded his tax obligations on those fees and certain of his law firm income for those years by claiming fraudulent losses attributable to tax shelter transactions he himself had entered into. In addition, for tax years 1999-2002, GORDON also claimed over \$10,000 in false deductions on his individual tax returns.

GORDON also conspired to defraud the IRS and to violate the tax laws between 2000 and 2003 by issuing opinion letters in connection with various tax shelter transactions, including a transaction known as a "major minor," involving foreign currency and forward transactions where gains attributable to certain of the options would be assigned to a tax-exempt charity, while losses

would be claimed by the client. GORDON knew that the tax shelter transactions that were the subject of his legal opinions would not survive legal scrutiny unless the taxpayers had a bona fide non-tax business purpose and a reasonable opportunity to make a profit. Knowing that the true purpose was to obtain tax benefits, GORDON and his co-conspirator developed a series of false representations to explain the transactions in the event the IRS ever audited the clients, and incorporated the false representations (while omitting material facts) into his legal opinions.

GORDON, 51, who resides in Saddle River, New Jersey, faces a maximum sentence of three years in prison on the tax obstruction charge and five years in prison on the conspiracy charge; and a maximum fine on each count of the greatest of \$250,000 or twice the gross gain or gross loss from the offense. Restitution to the IRS may also be ordered on each count.

Sentencing is scheduled before United States District Judge JOHN KOELTL on June 19, 2009.

Mr. DASSIN thanked the Department of Justice Tax Division and the Criminal Investigation Division of the New York Office of the IRS for their support and efforts in this case.

Assistant United States Attorney STANLEY OKULA and Special Assistant United States Attorney NANETTE L. DAVIS, on detail from the Department of Justice Tax Division, are in charge of the prosecution.

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