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**TWO FORMER ERNST & YOUNG PARTNERS SENTENCED  
IN MANHATTAN FEDERAL COURT FOR THEIR ROLES  
IN CRIMINAL TAX SHELTERS**

PREET BHARARA, the United States Attorney for the Southern District of New York, VICTOR S.O. SONG, the Chief of the Criminal Investigation Division of the Internal Revenue Service ("IRS"), and JOHN A. DiCICCO, the Acting Assistant Attorney General for the Tax Division of the Department of Justice, announced today that ROBERT COPLAN and MARTIN NISSENBAUM, former partners of the accounting firm Ernst & Young ("E&Y"), were sentenced to three years and 30 months in prison, respectively, by United States District Judge SIDNEY H. STEIN in Manhattan federal court.

On May 7, 2009, following a ten-week jury trial, COPLAN and NISSENBAUM, along with BRIAN VAUGHN and RICHARD SHAPIRO, also former partners of E&Y, were found guilty on all counts, including conspiracy, tax evasion and other charges relating to the design, marketing and implementation of tax shelters sold by E&Y. According to the evidence at trial:

COPLAN, NISSENBAUM, SHAPIRO, and VAUGHN, as members of E&Y's national individual tax shelter group, led an effort to design and market tax shelter transactions used by wealthy individuals to eliminate, reduce, or defer tax liabilities on annual income that generally exceeded \$10 or \$20 million. Between 1999 and 2002, tax shelter transactions implemented by the defendants and their co-conspirators generated billions of dollars in non-economic or paper tax losses that were used to offset actual income or gain recognized by the firm's clients.

The defendants and their co-conspirators -- which included tax, accounting, and financial industry professionals and law firms -- worked to design, implement and defend the tax shelter transactions in ways intended to conceal the true facts and circumstances of the transactions from the IRS.

COPLAN, NISSENBAUM, SHAPIRO, and VAUGHN were each found guilty of one count of conspiracy relating to four tax shelters, and two counts of tax evasion relating to clients who used a tax shelter transaction known as "CDS Add-On." In addition, COPLAN was found guilty of one count of obstructing the IRS and one count of making false statements to the IRS; NISSENBAUM was found guilty of one count of obstructing the IRS; and VAUGHN was found guilty of one count of making false statements to the IRS.

COPLAN, 57, of Plano, Texas, was sentenced to three years in prison and three years of supervised release. Judge STEIN also ordered COPLAN to pay a fine in the amount of \$75,000. COPLAN is a former E&Y tax partner who was the leader of the individual tax shelter group, and the former National Director of E&Y's Center for Wealth Planning. COPLAN, a lawyer, was at one time a Branch Chief in the IRS's Legislation and Regulations Division.

NISSENBAUM, 54, of Brooklyn, New York, was sentenced to 30 months in prison and three years of supervised release. Judge STEIN also ordered NISSENBAUM to pay a fine in the amount of \$100,000. NISSENBAUM, also a lawyer and former E&Y partner, was a member of E&Y's tax shelter group and the National Director of E&Y's Personal Income Tax and Retirement Planning practice.

SHAPIRO and VAUGHN are scheduled to be sentenced by Judge STEIN on January 22, 2010.

Additionally, CHARLES BOLTON, who was initially charged as a co-defendant with COPLAN, NISSENBAUM, SHAPIRO, and VAUGHN, pleaded guilty on January 22, 2009, to conspiracy to impede and impair the IRS, and is scheduled to be sentenced by Judge STEIN on February 3, 2010. DAVID L. SMITH, the remaining defendant charged in the Indictment, remains at large. With regard to SMITH, the charges in the Indictment are merely accusations and he is presumed innocent unless and until found guilty.

Mr. BHARARA praised the work of the Criminal Investigation Division of the IRS and the Department of Justice Tax Division in assisting in the investigation and prosecution of the case.

PREET BHARARA, United States Attorney, stated: "These defendants were partners at a major accounting firm, and served as gatekeepers in our financial system whose job it was to ensure that their clients complied with Federal tax laws and IRS regulations. Instead, they offered their wealthiest clients a way to deceive the IRS in an effort to cheat the public fisc, and therefore the citizens of the United States, out of over \$2 billion dollars in tax revenue. This Office will not allow

corrupt professionals to enable wealthy individuals to evade their fair tax burden."

VICTOR S.O. SONG, Chief of the IRS Criminal Investigation Division, stated: "Designing tax shelter transactions intended to conceal the true facts from the IRS isn't tax planning; it's criminal activity. Today's sentence reinforces our commitment to every American taxpayer to identify and prosecute both those who devise illegal tax shelters to assist their wealthy clients to evade their tax obligations."

JOHN A. DiCICCO, Acting Assistant Attorney General for the Justice Department's Tax Division, stated: "Promoting tax fraud and marketing fraudulent tax shelters are serious crimes, and as today's sentences show, those who commit them face serious consequences. Working together with the Internal Revenue Service and United States Attorney's Offices, the Tax Division has made investigating and prosecuting promoters of fraudulent tax shelters a high priority."

Assistant United States Attorneys MARK LANPHER and RICHARD TARLOWE, and Special Assistant United States Attorney JOHN E. SULLIVAN, from the Tax Division of the Department of Justice, are in charge of the prosecution.

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