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FOR IMMEDIATE RELEASE
JANUARY 14, 2011

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**CHICAGO AND LOUISIANA ATTORNEYS SENTENCED IN MANHATTAN
FEDERAL COURT FOR FRAUD SCHEMES RELATED TO TAX SHELTER
TRANSACTIONS AND REFERRAL FEE KICKBACKS**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that Chicago attorney and certified public accountant JOHN B. OHLE III and Louisiana attorney WILLIAM BRADLEY were sentenced in Manhattan federal court yesterday to five years and one year in prison, respectively, in connection with a scheme to fraudulently obtain referral fees relating to a tax shelter transaction and then failing to accurately report those fees to the Internal Revenue Service ("IRS") and pay taxes. OHLE and BRADLEY were convicted in June 2010 of conspiracy to commit wire and tax fraud. OHLE was also convicted of two counts of tax evasion based on his failure to report to the IRS millions of dollars he embezzled from a trust and the fraudulently obtained referral fees and fraudulent tax shelter deductions used to offset reported income.

According to the evidence presented at the three-week trial and other court proceedings before U.S. District Judge JED S. RAKOFF, who also imposed the sentences:

Between 1999 and 2002, OHLE was a supervisor in the Chicago office of Bank One's "Innovative Strategies Group" ("ISG"). The ISG provided tax shelter strategies for high net worth clients, including a tax shelter called "Hedge Option Monetization of Economic Remainder," or HOMER, which OHLE designed, marketed, and implemented together with others.

It was agreed that referral fees would be paid to third parties who referred HOMER clients to OHLE and Bank One. OHLE and BRADLEY conspired with others -- including DOUGLAS STEGER, who previously pleaded guilty in this case -- to create false and fraudulent invoices to obtain secret referral fees for certain HOMER tax shelter transactions, to which they were not entitled. The secret receipt of the referral fees by OHLE and BRADLEY served to reduce the total tax shelter fee that Bank One was paid.

OHLE also fraudulently obtained over \$4 million from a client for whom he acted as trustee. A portion of those funds was used by OHLE to carry out the fraud on Bank One with respect to the tax shelter referral fees. OHLE also secretly obtained \$500,000 in profits from the HOMER tax shelter transactions through a childhood friend who he had inserted into the transaction, with the agreement to share the profits with OHLE. OHLE failed to report the \$500,000 as income on his tax returns, scheming to have his friend report both his and OHLE's profits, and arranging for a fraudulent tax shelter to be used by the friend to evade taxes on all the profits.

In addition to the conspiracy count, OHLE was found guilty of tax evasion for the 2001 and 2002 tax years. With respect to 2001, OHLE fraudulently omitted from his tax return approximately \$2.9 million in income, which was comprised of unreported HOMER referral fees and funds stolen from his trust client. For 2002, OHLE fraudulently omitted from his tax return over \$3.1 million in income, which was comprised of over \$500,000 in HOMER tax shelter profits and over \$2.5 million he embezzled from his trust client. In addition to failing to report income for 2002, OHLE also claimed over \$4 million of false tax losses stemming from a fraudulent tax shelter transaction that he employed on his own tax return.

In addition to the loss amounts stemming from the referral fee fraud and his tax evasion, OHLE was held responsible, according to an order issued in September 2010 by Judge RAKOFF, for approximately \$100 million of losses claimed by taxpayers who were enlisted by OHLE and others to engage in the HOMER tax shelter. Judge RAKOFF found that HOMER was "obvious[ly] fraudulent" because its "sole purpose" was to generate tax benefits for the HOMER clients.

Judge RAKOFF ordered OHLE, 43, of Wilmette, Illinois, to forfeit various proceeds of the fraud scheme, including the \$1,256,000 he received, as well as hundreds of thousands of dollars of sports memorabilia OHLE purchased with monies additionally derived from the fraud scheme.

Judge RAKOFF also ordered BRADLEY, 46, of Hammond, Louisiana, to forfeit \$255,000 of proceeds of the offense that BRADLEY obtained through his attorney escrow account.

Mr. BHARARA praised the work of the IRS and thanked the Department of Justice Tax Division for their assistance in this case.

The prosecution was handled by Assistant U.S. Attorney Stanley Okula and Nanette L. Davis, Assistant Chief with the Northern Criminal Enforcement Section of the Tax Division.