



***United States Attorney  
Southern District of New York***

**FOR IMMEDIATE RELEASE  
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**JENKENS & GILCHRIST ATTORNEYS, FORMER BDO SEIDMAN CEO,  
AND DEUTSCHE BANK BROKER FOUND GUILTY IN MANHATTAN  
FEDERAL COURT OF MULTI-BILLION DOLLAR CRIMINAL  
TAX FRAUD SCHEME**

*Massive, Ten-Year Criminal Scheme Generated Over Seven Billion  
Dollars Of Fraudulent Tax Losses*

*Defendants Netted \$130 Million In Illicit Profits*

PREET BHARARA, the United States Attorney for the Southern District of New York, JOHN A. DiCICCO, the Principal Deputy Assistant Attorney General for the Justice Department's Tax Division, and VICTOR S.O. SONG, Chief of the Internal Revenue Service ("IRS") Criminal Investigation, announced that PAUL M. DAUGERDAS, DONNA M. GUERIN, DENIS M. FIELD, and DAVID PARSE were convicted today in Manhattan federal court for their roles in a tax shelter scheme in which they designed, marketed, and implemented fraudulent tax shelters used by wealthy individuals to avoid paying taxes to the IRS. Together, DAUGERDAS, GUERIN and FIELD made \$130 million in profits from the ten-year scheme. RAYMOND CRAIG BRUBAKER, 55, of Plano, Texas, a banker at Deutsche Bank who was also charged along with the defendants, was acquitted by the jury on all counts. U.S. District Judge WILLIAM H. PAULEY III presided over the ten-week trial.

Manhattan U.S. Attorney PREET BHARARA stated: "The multi-billion dollar tax fraud scheme perpetrated by this corrupt group of attorneys, accountants, and bankers was stunning in scope, and today's guilty verdicts are a just result. These privileged professionals wove an intricate web of deceit that spanned nearly a decade, enabling them to enrich themselves and their well-heeled clients to the tune of hundreds of millions of dollars. Surely there are many Americans who dread April 15th, but they put their checks in the mail nonetheless. These defendants thought they were above the law and found out the hard way that they were not. I commend the career prosecutors from my

Office and the Tax Division, along with the agents of the IRS, who have all devoted countless hours to bring this case to a successful conclusion."

Principal Deputy Assistant Attorney General of the Justice Department's Tax Division JOHN A. DiCICCO stated: "Today's verdict sends a loud and clear message that dishonest tax professionals will be held accountable for their crimes. The Justice Department will continue to pursue the lawyers, accountants, and others who enrich themselves at the public's expense by selling abusive tax shelters."

Chief of IRS-Criminal Investigation VICTOR S.O. SONG stated: "Promoting and marketing tax shelter transactions intended to conceal the true facts from the IRS isn't tax planning; it's criminal activity. People trust their attorneys and Certified Public Accountants to hold the highest standards when dealing in financial transactions. Today's conviction of the defendants reinforces our commitment to every American taxpayer to identify and to prosecute those who devise illegal tax shelters. It's a matter of fostering confidence in the tax system and compliance with the law."

According to the trial evidence and other documents filed in the case:

From 1994 through 2004, DAUGERDAS, a lawyer and the former head of the Chicago Office of the Jenkins & Gilchrist law firm ("J&G") and its tax practice; GUERIN, a tax lawyer and shareholder at J&G's Chicago Office; FIELD, the former Chief Executive Officer and Chairman of the Board of the accounting firm BDO Seidman, former head of its national tax practice, and one of three heads of BDO's "Tax Solutions Group" ("TSG"), and PARSE, a former Deutsche Bank broker, participated in a scheme to defraud the IRS by designing, marketing, implementing, and defending fraudulent tax shelters. All of the defendants are certified public accountants.

As part of their scheme, the defendants and others undertook to prevent the IRS from: (i) detecting their clients' use of these shelters; (ii) understanding how the transactions operated to produce the tax results reported by the clients; (iii) learning that the shelters were marketed as cookie-cutter products designed to eliminate or reduce large tax liabilities; (iv) learning that the clients were not seeking profit-making investment opportunities, but were instead seeking huge tax benefits; and (v) learning that, from the outset, all the clients intended to complete a pre-planned series of steps that had been designed by the defendants to lead to the specific tax benefits

sought by the clients. The defendants created, and assisted in creating, transactional documents and other materials that falsely and fraudulently described their clients' motivations for entering into the tax shelters and for taking various steps in order to yield the tax benefits.

As a result of the scheme, the defendants made millions of dollars in fees, commissions and bonuses. For example, DAUGERDAS made \$95 million and GUERIN made \$17 million from the sale of the shelters. FIELD received \$18 million in distributions and bonuses. Defendants DAUGERDAS, FIELD, and PARSE also utilized the tax shelters for themselves in order to evade personal tax liabilities on the substantial income they were receiving from these fraudulent tax shelters. For example, DAUGERDAS used the shelters to reduce the income taxes he owed on the \$95 million he made in fees on the illegal shelters to less than \$8,000; without the shelters, he would have owed over \$32 million in taxes.

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DAUGERDAS, 60, of Wilmette, Illinois; GUERIN, 50, of Elmhurst, Illinois; and FIELD, 53, of Naples, Florida were each convicted of conspiring to defraud the IRS and to evade taxes, and of corruptly endeavoring to obstruct and impede the internal revenue laws. The defendants were also convicted on multiple counts of tax evasion relating to the use of various tax shelters for specified clients, and of mail fraud. DAUGERDAS also was convicted of tax evasion based on his use of fraudulent tax shelters to eliminate or reduce his personal income tax liabilities between 1999 and 2001. PARSE 49, of Elmhurst, Illinois, was found guilty of mail fraud and obstructing internal revenue laws.

On the conspiracy charge, each defendant faces a maximum penalty of 5 years in prison; 3 years' supervised release; a fine of the greatest of \$250,000 or twice the gross gain to the defendant or twice the gross loss to the IRS; and restitution. On the mail fraud charge, each defendant faces a maximum penalty of 20 years in prison. Each count of tax evasion carries a maximum penalty of 5 years in prison; 3 years' supervised release; a fine of the greatest of \$250,000 or twice the gross gain to the defendant or twice the gross loss to the IRS; and costs of prosecution. Each defendant also faces a maximum penalty of 3 years in prison; 1 year supervised release; and a fine of the greatest of \$250,000 or twice the gross gain to the defendant or twice the gross loss to the IRS on the charge of

corruptly endeavoring to obstruct and impede internal revenue laws.

The defendants are scheduled to be sentenced by Judge PAULEY on October 14, 2011, at 2:00 p.m.

Several other defendants involved in the case have previously pled guilty:

ERWIN MAYER, 47, of Winnetka, Illinois, a lawyer and former shareholder at J&G's Chicago Office in its tax practice.

ROBERT GREISMAN, 60, of Deerfield, Illinois, a tax partner in BDO's Chicago Office and a member of BDO's tax solutions group.

CHARLES W. BEE, JR., 65, of Fredericksburg, Virginia, a former BDO Seidman Vice Chairman and board member.

MICHAEL KEREKES, 48, of Santa Monica, California, a principal of BDO Seidman and a former member of BDO's TSG and Tax Opinion Committee.

ADRIAN DICKER, 56, of Princeton Junction, New Jersey, a former Vice Chairman of BDO Seidman and TSG member.

In December 2010, as part of a non-prosecution agreement with the U.S. Attorney's Office, Deutsche Bank AG agreed to pay \$553,633,153 to the United States, and also admitted criminal wrongdoing, in connection with its participation in financial transactions which furthered the fraudulent tax shelters engineered by the defendants.

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

This prosecution is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorneys STANLEY OKULA and JASON HERNANDEZ, and Department of Justice Tax Division Assistant Section Chief NANETTE L. DAVIS are in charge of the prosecution.

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