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FOR IMMEDIATE RELEASE
OCTOBER 19, 2010

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**FORMER JENKENS & GILCHRIST ATTORNEY PLEADS GUILTY
IN MANHATTAN FEDERAL COURT TO CREATING AND IMPLEMENTING
ILLEGAL TAX SHELTERS THAT GENERATED BILLIONS OF DOLLARS
IN FRAUDULENT TAX LOSSES**

PREET BHARARA, the United States Attorney for the Southern District of New York, CHARLES R. PINE, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service ("IRS"), Criminal Investigation Division, and JOHN A. DiCICCO, the Acting Assistant Attorney General for the Tax Division of the Department of Justice, announced that ERWIN MAYER, an attorney formerly at the Jenkins & Gilchrist law firm, pled guilty in Manhattan federal court today to conspiracy and tax evasion charges stemming from his work in the design, marketing, implementation, and defense of fraudulent tax shelters, which resulted in the generation of billions of dollars of fraudulent tax losses claimed by tax shelter clients. MAYER pled before U.S. District Judge WILLIAM H. PAULEY III.

Manhattan U.S. Attorney PREET BHARARA said: "Today's guilty plea lays bare yet again the massive tax fraud perpetrated by attorneys at Jenkins & Gilchrist and their co-conspirators at accounting firms and financial institutions. These professionals, who were supposed to be the gatekeepers preventing fraud, instead helped their well-heeled clients avoid their tax obligations through deceit and trickery. With our partners at the IRS and the Tax Division, we will continue to vigorously

pursue the promoters of illegal shelters and other tax schemes that cost the public fisc billions of dollars every year."

IRS Special Agent-in-Charge CHARLES R. PINE said: "Abusive tax evasion schemes harm everyone. The IRS and Department of Justice work vigorously to investigate these activities, which unfairly shift the tax burden to honest American taxpayers."

Acting Assistant Attorney General for the Tax Division of the Department of Justice JOHN A. DiCICCO said: "Dishonest and fraudulent tax professionals, including accountants, attorneys, and bankers, should sit up and take note of today's guilty plea," said John A. DiCicco, Acting Assistant Attorney General of the Justice Department's Tax Division. "Professionals who sell and promote fraudulent tax shelters that help wealthy clients illegally evade taxes face serious felony charges and substantial prison time."

According to the Indictment and statements made during the guilty plea proceeding:

MAYER was a partner at Altheimer & Gray ("A&G"), a Chicago law firm, between 1994 and 1998, and later moved with a small group of A&G attorneys to the newly-formed Chicago office of Jenkins & Gilchrist ("J&G"), a Texas-based law firm with offices throughout the United States. MAYER was a shareholder at J&G between 1999 and 2005.

Between 1996 and 2004, MAYER and other attorneys at J&G worked on the design, marketing, and implementation of high-fee tax shelters for individual clients. Those shelters were designed to allow high-net-worth clients to eliminate and reduce taxes on significant income or gains. MAYER and other J&G attorneys worked together with brokers from financial institutions, partners and employees of accounting firms, and other entities in marketing and implementing the tax shelters.

Among the alleged fraudulent tax shelters designed, marketed, and implemented by MAYER and his co-conspirators were "Short Sales," "Short Options Strategy" ("SOS"), and "Swaps." The Short Sale tax shelter was marketed and sold from at least 1994 through at least 1999 to at least 290 wealthy individuals, and generated at least \$2.6 billion in false and fraudulent tax losses. The SOS tax shelter was marketed and sold from at least 1998 through at least 2000 to at least 550 wealthy individuals, and generated at least \$3.9 billion in false and fraudulent tax losses. The Swaps tax shelter was marketed and sold in 2001 and

2002 to at least 55 wealthy individuals, and generated more than \$420 million in false and fraudulent tax losses.

In return for receiving a fee from tax shelter clients based on a percentage of the tax loss generated for the clients, MAYER and others at J&G assisted in implementing all of the stages of the tax shelters, including setting up bank accounts and entities such as corporations and partnerships. MAYER and others at J&G also provided tax shelter clients a "more likely than not" legal opinion from J&G.

During the guilty plea proceeding, MAYER acknowledged that he knew that the tax shelter transactions would be allowed by the IRS only if there was a reasonable possibility of a profit and if the clients were entering into the tax shelter transactions for genuine, non-tax business reasons. MAYER also acknowledged that the losses from the transactions would be allowed only if the clients were utilizing the entities involved in the tax shelters -- such as the partnerships and corporations -- for legitimate, non-tax business reasons and not simply to produce tax losses. MAYER admitted that the tax shelters had no reasonable possibility of resulting in a profit because among other reasons, the costs and fees for most of the transactions exceeded the potential profit, if any.

MAYER, 47, of Winnetka, Illinois, faces a maximum sentence of five years in prison on the conspiracy charge to which he pled guilty and a maximum sentence of five years in prison on the tax evasion charge. As part of his plea agreement with the Government, MAYER agreed to forfeit his two residences and various bank and investment accounts, which are worth in excess of \$10 million.

Sentencing is scheduled for February 10, 2011, at 2:00 p.m. before Judge PAULEY.

Former BDO Seidman Vice Chairman and board member CHARLES W. BEE, JR., pled guilty on June 3, 2009, to related charges of conspiracy to defraud the IRS, tax evasion, and perjury. MICHAEL KEREKES, another principal of BDO Seidman and also a former member of BDO's TSG and Tax Opinion Committee, pled guilty on February 13, 2009, to related conspiracy and tax evasion charges. ADRIAN DICKER, a former Vice Chairman of BDO Seidman and TSG member, pled guilty on March 17, 2009, to related conspiracy and tax evasion charges. BDO partner ROBERT GREISMAN pled guilty on _____ to related conspiracy, tax evasion, and IRS obstruction charges. BDO partner MARK BLOOM pled guilty on July 30, 2009 to a related IRS obstruction charge.

Trial of the remaining defendants is scheduled to begin on February 28, 2011. The charges against these defendants are merely accusations, and they are presumed innocent unless and until proven guilty.

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

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant U.S. Attorneys STANLEY J. OKULA, Jr., and JASON P. HERNANDEZ, and Special Assistant U.S. Attorney NANETTE L. DAVIS, are in charge of the prosecution.

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