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In BDO Case, 7 Charged With Fraud

By CHAD BRAY

Seven people, including the former chief executive and chairman of accounting firm BDO Seidman LLP, have been charged criminally in an allegedly fraudulent tax-shelter scheme that generated billions of dollars in false tax losses for clients.

Denis Field, the former CEO and chairman of BDO, and six others, including three former Jenkins & Gilchrist PC lawyers and two former investment-bank employees, have been charged in a 27-count federal indictment, which includes charges of conspiracy and tax evasion.

"We are very disappointed that the government has chosen to indict Mr. Field," said his lawyer, Caroline Rule. "He always believed that the transactions at issue in the indictment were legitimate tax planning."

The others charged are: Paul M. Daugerdas, the former head of Jenkins & Gilchrist's Chicago office; former Jenkins & Gilchrist lawyers Erwin Mayer and Donna Guerin; Robert Greisman, a former tax partner in BDO Seidman's Chicago office; and Raymond Craig Brubaker and David Parse, former investment representatives at a foreign bank that wasn't named in the indictment. A person familiar with the matter said Deutsche Bank AG is the investment bank.

Prosecutors from the U.S. attorney's office in Manhattan have alleged the defendants engaged in a scheme from 1994 to 2004 to defraud the Internal Revenue Service through the design, marketing and implementation of fraudulent tax shelters, which allegedly generated more than \$7 billion in false tax losses.

The federal investigation into Mr. Daugerdas's tax work ultimately led to the downfall of Jenkins & Gilchrist. Jenkins closed its doors in 2007, after the firm entered into a nonprosecution agreement with federal prosecutors and agreed to pay a \$76 million IRS penalty.

"Paul Daugerdas firmly believes that the tax advice provided to his clients was well within the scope of then-existing federal tax law," said Margarite Wypychowski, a spokeswoman for Mr. Daugerdas. She said her client denies any wrongdoing.

Thomas P. McNulty, a lawyer for Mr. Mayer, said his client believed his advice was within then-existing law and that he "acted in good faith." A lawyer for Ms. Guerin didn't return a call seeking comment. Mr. Greisman's lawyer declined to comment.

A spokesman for Deutsche Bank said the "bank is cooperating fully with the investigation."

Mr. Parse left the bank in 2006, while Mr. Brubaker left in 2004.

Susan Brune, a lawyer for Mr. Parse, said he "looks forward to his exoneration." Barry Berke, a lawyer for Mr. Brubaker, said his client "should not have been included in this indictment." WSJ.com Law Page | Lexis.com | LexisNexis® Total Litigator | Historical Quotes | LexisNe

Write to Chad Bray at chad.bray@dowjones.com

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