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MARKETS

Former BDO Chief Acquitted in Tax-Shelter Case

Second Defendant Is Found Guilty

By MICHAEL RAPOPORT

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A former chief executive of accounting firm BDO Seidman LLP was acquitted Thursday of federal charges of tax-shelter fraud, in a retrial he had won after he was convicted on similar allegations two years ago.

Denis Field, BDO's CEO from 1999 to 2003, was found not guilty on all charges in federal court in Manhattan. The company changed its name to BDO USA in 2010.

"I think we're over the moon. We're ecstatic," said Sharon McCarthy, an attorney for Mr. Field.

A second defendant in the case, Paul Daugerdas, the former head of the now-defunct law firm Jenkins & Gilchrist's Chicago office, was convicted Thursday on seven of the 16 counts against him.

An attorney for Mr. Daugerdas couldn't be reached for comment. A spokeswoman for the U.S. Attorney's Office in Manhattan, which prosecuted the two men, declined to comment on the verdict.

Mr. Field and Mr. Daugerdas were convicted in 2011 on conspiracy and tax-evasion charges over tax shelters offered by BDO, which prosecutors had said generated billions of dollars in false tax losses for wealthy clients in the late 1990s and early 2000s. Mr. Field had formed the group at BDO that designed and marketed the tax shelters.

But last year a judge granted the two men a new trial, after a juror in the earlier case admitted she had lied about her legal and criminal background in order to serve on the jury.

The new trial lasted about seven weeks, and jurors deliberated for about two days before acquitting Mr. Field and convicting Mr. Daugerdas. "We had a very different trial this time," Ms. McCarthy said. Mr. Field "had a good-faith belief in the validity of the tax shelters," she said.

BDO agreed last year to pay \$50 million to settle related federal allegations against the firm. In a statement, BDO said Mr. Field "has not been associated with the firm for a decade" and noted that it wasn't a party to his trial.

—Laura Saunders contributed to this article.

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