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Four Convicted of Tax Evasion and Mail Fraud

Four prominent people were convicted of mail fraud in connection with a multi-million dollar tax shelter scheme. The four were lawyer Paul M. Daugerdas, 60 of Wilmette, Ill., Donna M. Guertin, 50 of Elmhurst, Ill., another lawyer, Denis M. Field, 53 of Naples, Fla. Former chief executive and chairman of accounting firm BDO Seidman and former head of its national tax practice and David Parse, 49 of Elmhurst, Ill. a former Deutsche Bank broker.

All four were convicted by a jury recently of running a mail tax-shelter scheme that enabled wealthy American taxpayers to avoid taxes. In the 10-week trial, a host of witnesses gave their testimonies on how they could avoid paying taxes through the complex web of investment instruments created by the defendants. The witnesses included the late sports entrepreneur Lamar Hunt, trust fund recipients, inventors, a grandson of the late industrialist Armand Hammer and people who built fortunes in real estate or family businesses. Indeed, like what Nanette Davis, assistant US attorney said in her closing argument in the trial, some of the clients who benefited from the tax shelters were among the “most well-heeled, richest investors in the world.”

The trial heard testimonies by 24 tax shelter clients and five ex-colleagues of the defendants, four of whom pleaded guilty in the trial. Among the four, Daugerdas was said to be the mastermind behind the entire scheme. He was formerly the head of the Jenkins and Gilchrist law firm and its tax practice. Guertin used to work in the same office as Daugerdas.

Lawyers for the prosecution described the fraudulent tax scheme as 'stunning in scope' which caused the IRS to lose millions of dollars in unpaid taxes. Also, Daugerdas made \$95 million through the sale of the shelters and then reduced his income from the shelters to less than \$8,000 so he could evade paying taxes himself. Daugerdas' tax liability from the \$95 million was \$32 million, yet with the tax shelters, he paid only a few thousand dollars in taxes.

Davis described a pattern of lies all through the practices of the four defendants, including false information about the description and working of the tax shelters, lies in formal opinion letters, transactions that were backdated, false information in submissions to the IRS, lies during IRS audits and even telling their clients what lies to say.

All four who were convicted face 20 years or more in prison when sentencing is given October 14. An accountant, Raymond Craig Brubaker, 55 of Plano, Texas was acquitted of all charges.