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BDO Seidman to Pay \$50 Million in Deferred Prosecution

By Bob Van Voris and David Glovin on June 14, 2012 | [Twitter](#) [Facebook](#) [LinkedIn](#) [Google+](#) [Comments](#) 0 Comments

Accounting firm BDO USA LLP said it will pay \$50 million as part of a deferred prosecution agreement with the government while admitting it helped U.S. citizens evade about \$1.3 billion in income taxes from 1997 to 2003.

U.S. District Judge William Pauley approved the deal, between BDO, formerly known as BDO Seidman LLP, and U.S. prosecutors, at a hearing yesterday in Manhattan.

The firm was charged with one count of tax fraud conspiracy, which may be dismissed in six months if BDO fulfills the requirements of the agreement, including continued cooperation with the government and implementing a compliance and ethics program.

The deal with BDO is intended to resolve its role in what Pauley called the biggest tax-shelter fraud investigation in U.S. history. Last year a jury convicted former BDO Chief Executive Officer Denis Field and three others of more than 20 criminal counts including conspiracy, tax evasion and attempting to impede the Internal Revenue Service.

Pauley threw out the convictions against three of the defendants, including Field, on June 4 after finding that a member of the jury had lied about her past, including that she was an alcoholic suspended attorney with a criminal record.

'Latest Step'

"This is the latest step in the federal government's investigations of numerous national accounting, law and financial services firms, which began almost ten years ago," BDO said in a statement yesterday. "BDO has cooperated with the IRS and the United States Attorney's office and will continue to do so. BDO is pleased that these matters have been brought to a resolution."

Pauley's June 4 ruling allows the government to retry Field and ex-Jenkins & Gilchrist lawyers Paul Dagerdas and Donna Guerin. He let stand the conviction of a fourth defendant, David Parse, ruling that Parse's lawyers, from the New York firm Brune & Richard LLP, had facts about the juror's background that they failed to disclose before deliberations began.

A fifth defendant, former Alex. Brown accountant Robert

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Craig Brubaker, was found not guilty at trial.

Under the agreement disclosed yesterday, BDO will pay a civil penalty of \$34.4 million to the IRS and forfeit \$15.6 million to the U.S. government. BDO said that its partners and employees helped wealthy taxpayers participate in fraudulent tax shelter transactions, including two that were named Short Option Strategy and Short Sale.

The case is U.S. v. Daugerdas, 09-cr-581, U.S. District Court, Southern District of New York (Manhattan).

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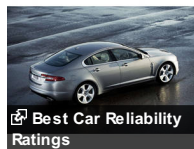
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