



*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE  
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**TWO ADDITIONAL FORMER ERNST & YOUNG PARTNERS SENTENCED  
IN MANHATTAN FEDERAL COURT**

PREET BHARARA, the United States Attorney for the Southern District of New York, VICTOR S.O. SONG, the Chief of the Criminal Investigation Division of the Internal Revenue Service ("IRS"), and JOHN A. DiCICCO, the Acting Assistant Attorney General for the Tax Division of the Department of Justice, announced today that RICHARD SHAPIRO and BRIAN VAUGHN, former partners of the accounting firm Ernst & Young ("E&Y"), were sentenced today to 28 and 20 months in prison by United States District Judge SIDNEY H. STEIN in Manhattan federal court.

On May 7, 2009, following a ten-week jury trial, SHAPIRO and VAUGHN, along with ROBERT COPLAN and MARTIN NISSENBAUM, also former partners of E&Y, were found guilty on all counts, including one count of conspiracy relating to four tax shelters, and two counts of tax evasion relating to clients who used a tax shelter transaction known as "CDS Add-on", and other charges relating to the design, marketing, and implementation of tax shelters sold by E&Y. VAUGHN was also found guilty of one count of making false statements to the IRS. According to the evidence at trial:

SHAPIRO, VAUGHN, COPLAN, and NISSENBAUM, as members of E&Y's national individual tax shelter group, led an effort to design and market tax shelter transactions used by wealthy individuals to eliminate, reduce, or defer tax liabilities on annual income that generally exceeded \$10 or \$20 million.

The defendants and their co-conspirators -- which included tax, accounting, and financial industry professionals and law firms -- worked to design, implement, and defend the tax shelter transactions in ways intended to conceal the true facts and circumstances of the transactions from the IRS.

SHAPIRO, 60, of Rye Brook, New York, was sentenced to 28 months in prison and two years of supervised release. In addition, Judge STEIN ordered SHAPIRO to pay a fine in the amount

of \$100,000. SHAPIRO is a lawyer, a former E&Y tax partner, and was a member of the tax shelter group.

BRIAN VAUGHN, 42, of Calhoun, Louisiana, was sentenced to 20 months in prison and two years of supervised release. VAUGHN is a Certified Public Accountant, a former E&Y tax partner, and was a member of the tax shelter group.

COPLAN and NISSENBAUM were sentenced yesterday by Judge STEIN to three years and 30 months in prison, respectively.

Mr. BHARARA praised the work of the Criminal Investigation Division of the IRS and the Department of Justice Tax Division in assisting in the investigation and prosecution of the case.

This case is being handled by the Office's Complex Frauds Unit. Assistant United States Attorneys MARK LANPHER and RICHARD TARLOWE, and Special Assistant United States Attorney JOHN E. SULLIVAN from the Tax Division of the Department of Justice, are in charge of the prosecution.

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