Justice Dept. seeks to halt tax practices of Chicago attorney

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The U.S. government has sued a Chicago lawyer, who was a partner at Seyfarth Shaw, to stop him from peddling allegedly sham tax shelters involving Brazilian consumer debt.

The Justice Department said Wednesday that since at least 2003 **John E. Rogers** has devised illegal tax schemes for more than 100 customers who have claimed more than $370 million in improper tax deductions.

Rogers, 69, worked at Seyfarth Shaw from mid-2003 until his forced resignation in May 2008, according to the complaint filed Tuesday in Chicago federal court. Prior to that, he spent about five years at another Chicago law firm, Altheimer & Gray, which went bankrupt in 2003. From 1970 through 1991, he was a senior partner at Arthur Andersen. He is a Harvard-educated lawyer who also has an MBA from the University of Chicago.

"It is particularly disturbing when a lawyer, who is supposed to help clients comply with the law, instead helps them break it, as is alleged here," John DiCicco, acting assistant attorney general in the DOJ's tax division, said in a statement.

Rogers, who has his own firm called Rogers & Associates, has not returned messages left at his office. The suit also names two of **Rogers**' companies, Sugarloaf Fund LLC and Jetstream Business Limited, as defendants.

A Seyfarth Shaw spokesman declined to comment.

Court records show that the Internal Revenue Service has been investigating **Rogers** since 2004 as part of a larger probe into transactions that generated losses claimed from writing down the value of distressed debt. The debt consisted of old consumer credit accounts that had been purchased from Brazilian retailers.

The complaint alleges that Sugarloaf bought the debt for pennies on the dollar and moved it into other entities taxed as partnerships. **Rogers** sold interests in the partnerships to wealthy individuals, who then claimed some or all of the face value of the debt as a loss to offset other earned income.

Congress outlawed the ploy, which the IRS calls "distressed asset debt" or DAD, shelter, in 2004. Rogers got around the ban by replacing partnerships with trusts to transfer the losses, the complaint said. DADs mutated into DATs, or distressed asset trust.

Throughout the IRS investigation, **Rogers** tried to conceal his tax shelter activities, the complaint said. He filed dozens of suits across the country seeking to stop the IRS from obtaining information about the shelters. He lost every case, the Justice Department said.

Rogers also lied about his involvement with the shelters to Seyfarth Shaw, the complaint alleges. He continued to sell the shelters after partners told him sometime in late 2005 or early 2006 to stop. When partners learned that he was concealing his business in 2008, they forced him to resign.

A Justice Department spokesman declined to comment on whether **Rogers** is under criminal investigation.