



UNITED STATES ATTORNEY'S OFFICE

Southern District of New York

U.S. ATTORNEY PREET BHARARA

FOR IMMEDIATE RELEASE
Friday, May 9, 2014
<http://www.justice.gov/usao/nys>

CONTACT: U.S. ATTORNEY'S OFFICE
James Margolin, Jerika Richardson
Jennifer Queliz
(212) 637-2600

DOJ
Dena Iverson
(202) 514-2007

IRS-CI
Gregory Tranchina
(212) 436-1687

MANHATTAN U.S. ATTORNEY ANNOUNCES AGREEMENT WITH SWISS ASSET MANAGEMENT FIRM AND RELATED COMPANIES TO RESOLVE CRIMINAL TAX INVESTIGATION

The Swisspartners Group Is Paying \$4.4 Million in Forfeiture and Restitution

The Swisspartners Group Earned Non-Prosecution Agreement As a Result of its Extraordinary Cooperation and Self-Reporting

James M. Cole, the Deputy Attorney General of the Department of Justice, Preet Bharara, the United States Attorney for the Southern District of New York, Kathryn Keneally, the Assistant Attorney General for the Tax Division of the Department of Justice, and Richard Weber, the Chief of the Internal Revenue Service, Criminal Investigation ("IRS-CI"), announced today that swisspartners Investment Network AG, a Swiss-based asset management firm, and three of its wholly-owned subsidiaries (collectively, the "Swisspartners Group"), entered into a non-prosecution agreement ("NPA") with the U.S. Attorney's Office for the Southern District of New York and agreed to pay \$4.4 million to the United States. The NPA was entered into based on, among other things, the Swisspartners Group's remedial measures, voluntary self-reporting, and extraordinary cooperation, including its voluntary production of approximately 110 client files for non-compliant U.S.-taxpayer clients, and provides that the Swisspartners Group will not be criminally prosecuted for assisting U.S. taxpayer-clients in opening and maintaining undeclared foreign bank accounts from in or about 2001 through in or about 2011. The NPA requires the Swisspartners Group to forfeit \$3.5 million to the United States, representing certain fees that it earned by assisting its U.S. taxpayer-clients in opening and maintaining these undeclared accounts, and to pay \$900,000 in restitution to the IRS, representing the approximate amount of unpaid taxes arising from the tax evasion by the Swisspartners Group's U.S. taxpayer-clients. The NPA applies only to the four specific entities that are party to it and does not apply to any other subsidiaries of swisspartners Investment Network AG or any individuals.

Deputy Attorney General James Cole said: "The extraordinary cooperation of Swisspartners has enabled us to identify U.S. tax cheats who have hidden behind phony offshore

trusts and foundations. In this and other cases around the world we will continue to provide substantial credit for prompt and full cooperation.”

Manhattan U.S. Attorney Preet Bharara said: “This Office will continue to work aggressively to hold accountable not only those U.S. taxpayers who evade their tax obligations by hiding money overseas, but also those abroad who make such tax evasion possible. For its wrongdoing in assisting U.S. taxpayers to open and maintain undeclared accounts overseas, the Swisspartners Group is being made to pay \$4.4 million in forfeiture and restitution. Swisspartners avoided criminal charges as a direct result of its decision to self-report its misconduct at a time when it was not even under investigation and its extraordinary cooperation, including its decision to turn over voluntarily the files and identities of U.S. taxpayer clients it helped hide money from the IRS. The case serves as a clear example of the benefits that can be obtained from early and complete cooperation with federal law enforcement.”

Assistant Attorney General Kathryn Keneally said: “As today’s announcement shows, we receive information about U.S. taxpayers with undisclosed accounts from many sources, some of which are not public. For many accountholders, the time to come forward voluntarily to avoid criminal prosecution has run out.”

IRS-CI Chief Richard Weber said: “I am very pleased that we have successfully concluded negotiations with the Swisspartners Group. In making amends, the Swisspartners Group has turned over 110 account files relating to U.S. taxpayer-clients who maintained undeclared assets overseas. This agreement marks yet another significant step forward in combating offshore tax evasion. Anyone who is hiding money or assets offshore with the intent of committing tax evasion will be found and prosecuted. It's not a matter of ‘if,’ it's a matter of ‘when.’”

The NPA was entered into between the U.S. Attorney’s Office, on the one hand, and swisspartners Investment Network AG and the following three wholly-owned subsidiaries, on the other: swisspartners Wealth Management AG, a Zurich-based company that establishes and manages entities such as foundations and trusts; swisspartners Insurance Company SPC Ltd., a Cayman Islands-based life insurance carrier that offers life insurance and annuity products; and swisspartners Versicherung AG, a Liechtenstein-based insurance carrier that offers a variety of insurance and annuity products

The NPA recognizes that, beginning in 2008, the Swisspartners Group voluntarily implemented a series of remedial measures to stop assisting U.S. taxpayers in evading federal income taxes. The NPA further recognizes that in 2012, at a time when it was neither a subject nor target of any investigation by the U.S. Department of Justice, the Swisspartners Group self-reported its conduct concerning U.S. taxpayer-clients to the Department of Justice. Additionally, the NPA recognizes the extraordinary cooperation of the Swisspartners Group, including its voluntary production of client files for 110 non-compliant U.S. taxpayers that included the identities of those U.S. taxpayers.

As part of the NPA, the Swisspartners Group admitted various facts concerning its wrongful conduct and the remedial measures that it took to cease that conduct. Specifically, the Swisspartners Group admitted that it knew certain U.S. taxpayers were maintaining undeclared

foreign bank accounts with the assistance of the Swisspartners Group in order to evade their U.S. tax obligations, in violation of U.S. law. The Swisspartners Group acknowledged that it helped certain U.S. taxpayer-clients conceal from the IRS their beneficial ownership of undeclared assets maintained in foreign bank accounts by, among other things, creating sham foundations and other sham entities that served as the nominal account holders; placing accounts or insurance policies in the names of non-U.S. nationals; facilitating the transportation of large amounts of cash into the United States on behalf of U.S. taxpayer-clients; and arranging for the bulk deposit of cash at Swiss depository financial institutions on behalf of U.S. taxpayer-clients.

As part of the NPA, the Swisspartners Group has agreed to forfeit \$3.5 million to the United States, representing certain fees it obtained in exchange for services that it provided to U.S. taxpayers with undeclared foreign bank accounts from in or about 2001 through in or about 2011. In connection with this forfeiture, the Swisspartners Group has agreed not to contest a civil forfeiture action filed by the United States. That action was filed on May 9, 2014, in the U.S. District Court for the Southern District of New York and assigned to U.S. District Judge Gregory H. Woods.

The U.S. Attorney's Office entered into the NPA based on factors including:

- the Swisspartners Group's voluntary implementation of various remedial measures beginning in or about May 2008;
- the Swisspartners Group's voluntary self-reporting of its criminal conduct at a time when it was neither a subject nor target of any investigation by the U.S. Department of Justice;
- the Swisspartners Group's voluntary and extraordinary cooperation, including its voluntary production of account files that include the identities of U.S. taxpayer-clients;
- the Swisspartners Group's willingness to continue to cooperate to the extent permitted by applicable law; and
- the Swisspartners Group's representation, based on an investigation by outside counsel, the results of which have been shared with the U.S. Attorney's Office and the Tax Division, that the misconduct under investigation did not, and does not, extend beyond that described in the Statement of Facts.

The NPA requires the Swisspartners Group to continue to cooperate with the United States for at least three years from the date of the agreement. In the event that the Swisspartners Group violates the NPA, the U.S. Attorney's Office may prosecute the Swisspartners Group.

* * *

Mr. Bharara thanked the IRS for its outstanding work in the investigation of this matter and the Tax Division of the Department of Justice for its assistance in the investigation.

This investigation is being overseen by the Office's Complex Frauds and Cybercrime Unit. Assistant U.S. Attorneys Jason H. Cowley, Sarah E. Paul, and Jared P. Lenow are in charge of the matter.

14-137

###