

CIBC offshore accounts targeted in U.S. tax-evasion probe

IRS chases down clients of Canadian bank's Caribbean subsidiary

[CBC News](#)

Posted: May 01, 2013 2:31 PM ET

Last Updated: May 01, 2013 2:28 PM ET



CIBC FirstCaribbean is 91.5 per cent owned by Toronto-based Canadian Imperial Bank of Commerce. Some of its accounts have come under scrutiny from the IRS. (Wikimedia)

Rich Americans are using offshore bank accounts at a CIBC subsidiary in the Caribbean to evade taxes, according to the U.S. Internal Revenue Service, and the tax agency is now going after them.

In one case, "tens of millions of dollars" were transferred into and out of the United States using numerous accounts held by a U.S. taxpayer and by several shell companies he controlled, the IRS said in a court filing this week.

The taxpayer "did not report any income arising from the transactions," according to the agency.

- [INTERACTIVE: How the rich hide their money](#)

In a half-dozen other cases, accounts at CIBC's FirstCaribbean International arm — which operates in 18 Caribbean countries — were used to funnel money by people charged with or convicted of crimes including tax evasion and conspiracy to launder money, the IRS said.

In all, the agency said it has tallied at least 129 people who kept secret accounts at CIBC FirstCaribbean and its predecessors before ultimately deciding to come clean and disclose their previously unreported income.

"Numerous U.S. taxpayer clients" of the bank "evaded substantial income taxes," the IRS said in documents filed in U.S. Federal Court in California.

Because there could be many more such accounts, the IRS asked for and obtained a judge's approval on Monday to chase down information on other U.S. taxpayers with accounts at FirstCaribbean. The authorization means the IRS can issue what's called a "John Doe" summons demanding details on any FirstCaribbean account holders from Wells Fargo, an American bank that does business with the CIBC subsidiary, which does not have its own U.S. presence.

CIBC FirstCaribbean has an account at Wells Fargo that it can use on behalf of clients to send and receive wire transfers and cheques to and within the United States.

"We will review the summons and respond as legally required," Wells Fargo said in a statement late Tuesday.

- [MAP: Canadians listed in secret offshore files](#)

Robert Wood, a tax lawyer in California who has closely followed the U.S. government's efforts to crack down on offshore tax evasion, said getting the requested details on CIBC's FirstCaribbean clients would be "another huge step for the IRS."

"The assumption is that it will lead to U.S. account holders who probably thought that because this Caribbean bank had no U.S. offices and no U.S. branches, [it] was safe," Wood said. "It appears that that's not the case."

'Safe haven' promotion

The IRS makes no allegations of wrongdoing against CIBC FirstCaribbean itself in its court application. The filing does say that at one point, an employee of the bank assured a tax-dodging U.S. resident "that no bank information would be given to the United States without a legal request."

CIBC's Caribbean arm has 69 branches in the region, in countries from the Bahamas to the Turks and Caicos, offering retail banking to locals but also offshore accounts to non-residents. The branch in Curaçao, for instance, touts on its website that it's located in "a favourable jurisdiction to offshore activities [sic]" that offers a "safe haven."

News tips

If you have more information on this story, or other investigative tips to pass on, please email investigations@cbc.ca

CIBC FirstCaribbean said in a statement to several U.S. media outlets that it is "committed to complying with all laws and regulatory requirements."

"It is our intention to co-operate with authorities in accordance with the respective laws of all jurisdictions involved," the statement continued.

It's not the first time the IRS has gone after an offshore bank with a "John Doe" summons to try to nail U.S. residents for tax evasion. The agency obtained one against Swiss banking giant UBS in 2008, which [ultimately resulted in](#) the bank handing over the names of 4,450 American clients and paying \$780 million US in fines to avoid prosecution for aiding tax evasion.

The U.S. government has recouped billions in unpaid tax from the UBS account holders and others who were prompted to come forward by the disclosures.

"I don't know that anyone 10 years ago could have ever imagined that all of this stuff would happen," Wood said.

If you have more information on this story, or other investigative tips to pass on, please email investigations@cbc.ca