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'Edward Snowden Of Tax Evasion' Gets Five Year Prison Sentence

Edward Snowden is not in jail, but his namesake soon could be. Switzerland has sentenced Hervé Falciani, a former HSBC Swiss bank employee, to five years in prison. He is the whistleblower and leaker often called the “Edward Snowden of tax evasion.” Leaks bank records and tax documents has helped governments everywhere catch tax evaders, and Mr. Falciani, like Mr. Snowden, was a kind of pioneer.

He leaked records on 106,000 HSBC account holders that lead to many countries eventually recovering billions in taxes. Although he is likened to Edward Snowden, also invokes Bradley Birkenfeld, the American whistleblower who worked at UBS. But not everyone is heaping accolades on Mr. Falciani, who was convicted of corporate espionage. He is said to have purloined bank records that implicated HSBC in hiding \$255 billion.



Herve Falciani, the former HSBC employee who leaked documents alleging the bank helped clients evade millions of dollars in taxes, smiles as he gives a press conference in Divonne-les Bains on October 28, 2015. (Photo credit: JEAN-PHILIPPE KSIAZEK/AFP/Getty Images)

Mr. Falciani began copying the records to his personal computer in 2006. He later fled when he was confronted by his employer. He did not attend his trial or his sentencing. As a French citizen living in France, he is safe from extradition. The closest he got to long-term incarceration was in 2012, when Mr. Falciani was detained in Barcelona on an international arrest warrant. He was held in detention for several months, but in 2013, a Spanish court ruled [against his extradition to Switzerland](#).

In some circles he has become a kind of folk hero. Like Snowden, Mr. Falciani says that he was driven by his conscience. Documents emanating from Mr. Falciani triggered investigations in France, Italy, Britain, India, Canada, and elsewhere. But as many countries have gotten in on the gravy train, the question of privacy and transparency remains delicate. Switzerland in particular has been virtually schizophrenic about its bank secrecy and the question of tax evasion. Many dozens of Swiss banks have signed non-prosecution agreements with the U.S. Justice Department.

There are scores of others in line hoping to do so for as little money as possible. As with virtually every other nation, Switzerland has also signed onto FATCA, concluding an Intergovernmental Agreement with the IRS that portends a kind of full transparency. It is a sea change from the Switzerland of a decade ago. In between have been a series of strange crossovers. The most famous of all was former UBS banker [Bradley Birkenfeld](#), who went to prison in the U.S. for helping people evade taxes. Yet he was also given a whopping \$104 million reward for turning in evidence about UBS and its customers.

Mr. Birkenfeld was the key informant in the massive UBS offshore account scandal that ended up bringing in billions of dollars. His treasure trove of dirt was the domino that caused many others to fall. It also brought banks and U.S. taxpayers to their knees before the IRS and Justice Department. But recall that after Mr. Birkenfeld came forward with all his data about UBS's account dealing, he went to jail. In 2008, he was charged with withholding information about his role and relationship with a wealthy California developer.

He plead guilty to one count of conspiracy, and served part of a 40-month sentence. In 2009, Mr. Birkenfeld filed a claim with the IRS and stood to get up to 30% of revenue recovered with his information. His lawyers said his actions may have brought in more than \$5 billion. Tallies vary, and much can probably be debated. In 2009, UBS paid \$780 million to resolve a pending criminal case and agreed to turn over information on U.S. account holders.

This became the Rosetta Stone that unlocked the mysteries of generations of vaunted [Swiss bank secrecy](#). Apart from the impact this has had on Swiss and other offshore banking centers, it also has altered the relationship people have with their financial professionals. Who can be trusted. Some leakers may not seek to profit directly, but it is hard not to think of Mr. Birkenfeld with his \$104 million reward. It is an astounding recovery and a promising sign for the [IRS program](#).

As for the IRS, the [IRS whistleblower office](#) has long been criticized for just sipping the cream and not bothering with the vast bulk of claims. But that doesn't stop the claims from coming in.

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