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FATCA Cliff: Tax Evasion Guilty Plea And Death For Oldest Swiss Bank

Switzerland's oldest bank, Wegelin & Co., was founded in 1741 and embarked on a storied history. But in 2013, it admitted helping hide \$1.2 billion for American tax cheats. More history? It's the first foreign bank to plead guilty to U.S. tax charges, and now it's closing. See [Swiss bank Wegelin to close after U.S. tax evasion fine.](#)



Wasn't UBS first? No, UBS turned over U.S. account holders and paid \$780 million in fines but did not plead guilty. \$780 million made the charges go away. See [UBS' Bradley Birkenfeld Gets \\$104 Million, Blows Doors Off IRS Whistleblower Program.](#) Wegelin wasn't so lucky. Its deal includes \$20 million of restitution to the IRS, a \$22 million fine and \$15.8 million for fees earned. In all, the U.S. recovered about \$74 million from Wegelin.

With branches **only** in Switzerland, Wegelin claimed it was bound **only** by Swiss banking laws. Yet it capitulated and pleaded guilty. Even Wegelin's plea and death knell leaves loose ends, though, including former executives Michael Berlinka, Urs Frei and Roger Keller who failed to appear in U.S. court and were labeled fugitives.

All of this will mean more pressure on foreign banks worldwide. And don't forget [FATCA](#)! See [FATCA Makes Foreign Banks Report Americans](#). More account holders at foreign banks are likely to rush to the IRS while the talking is good. More than 30,000 U.S. taxpayers disclosed foreign accounts to the IRS over the last few years. See [IRS Offshore Amnesty: Second \(Last\) Chance](#).

But who speaks up first is key. If the IRS already has any details, it's too late to get the OVDP package deal. The IRS and DOJ have a goldmine of data from bank deals, whistleblower claims. See [Newest Offshore IRS Amnesty Not For Everyone](#). But the 30,000 detailed accounts and names from the IRS voluntary disclosure programs may be best of all. Like a spider web it leads the IRS in numerous directions. See [IRS Will Find Your Offshore Account](#).

Add to that IRS Successes with a John Doe summons, subpoena, and with grand jury subpoena to account holders themselves? It's a veritable diamond mine of data. See [IRS Summons? Meet John Doe](#). Although the [Fifth Amendment](#) says you cannot be forced to incriminate yourself, the courts are considering whether offshore banking records fall within the required records exception.

In [In re Grand Jury Investigation M.H.](#), the Ninth Circuit compelled an offshore account holder to produce account data even if it was self-incriminating. However, the Fifth Circuit is now considering a similar case so stay tuned. See [IRS Can Make You Produce Offshore Bank Records Even If Self-Incriminating](#). Many individuals are in the crosshairs, but so are banks, including Credit Suisse AG ([CSGN.VX](#)), HSBC Holdings plc ([HSBA.L](#)), and Basler Kantonalbank.

In this epic battle for disclosure and transparency, more will come, and an era has ended. Wegelin bankers went to great lengths to hide transactions, including batching checks and wires below \$10,000 each and using techniques reminiscent of espionage. Secrecy? That was then.

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