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THE TAX LAWYER

TAXES | 3/05/2013

Swiss Bank's Tax Evasion Sentence Is Really Death

The criminal sentencing of Switzerland's oldest bank was sobering. Founded in 1741, Wegelin & Co. is closing, the first foreign bank in history indicted for facilitating tax evasion by U.S. taxpayers, the first to plead guilty and be sentenced. The sentencing caps an inglorious story. See [Swiss bank Wegelin to close after U.S. tax evasion fine](#).



Swiss Flag (Photo credit: psd)

UBS turned over Americans and paid \$780 million in fines but did not plead guilty to a crime. See [UBS' Bradley Birkenfeld Gets \\$104 Million, Blows Doors Off IRS Whistleblower Program](#). The older Wegelin wasn't so lucky. It pleaded guilty and was sentenced to pay some \$58 million for conspiring to evade taxes. With \$20 million of restitution, a \$22 million fine and \$15.8 million for fees Wegelin earned on the undeclared accounts, the U.S. recovered about \$74 million.

Manhattan U.S. Attorney Preet Bharara said, "U.S. taxpayers with undeclared accounts—wherever those accounts may be—should know that their bank may be next, and they should pay what they owe the IRS before we come find them." Assistant Attorney General Keneally added, "time is rapidly running

out for taxpayers who think that they can still hide.” See [Press Release](#). Although Wegelin had no branches outside Switzerland, it accessed U.S. banking through a correspondent UBS account in Connecticut. Wegelin had approximately \$25 billion in assets under management in December 2010.

It opened and serviced undeclared accounts for U.S. taxpayers, many from UBS. In effect, Wegelin scooped up UBS clients after UBS turned them away. Wegelin used sham corporations and foundations in Liechtenstein, Panama, and Hong Kong to hide the ball, accepted false documents and used code names and numbers to help U.S. clients remain in the shadows.

It held mail and statements, used personal contact information, helped with checks and wires that were hard to trace, and used other banks to help hide funds for U.S. clients. Sometimes Wegelin split monies into multiple wires or checks to reduce detection. Charges remain pending against three Wegelin bankers, Michael Berlinka, Urs Frei, and Roger Keller, all residing in Switzerland. See [Swiss Bank’s Demise: Glass Half Empty Or Half Full?](#)

Even apart from those still pending charges, Wegelin’s name is likely to surface again. Federal Judge William H. Pauley III ruled that the IRS can demand information from UBS about U.S. clients of Wegelin. See [FATCA Cliff: Tax Evasion Guilty Plea And Death For Oldest Swiss Bank](#).

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