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## Top UBS Banker Not Guilty Of Tax Evasion, Big Blow To Offshore Crackdown

In a big setback to the IRS's juggernaut against tax evasion and offshore accounts, a former top UBS banker has been [acquitted of tax evasion](#). The U.S. charged [Raoul Weil](#) with conspiracy to defraud the U.S. government. The former exec was facing five years in prison and a \$250,000 fine, and is the highest-ranking Swiss banker prosecuted in the U.S. crackdown. But now he gets to go home to Switzerland.

The verdict was quick, after only an hour and fifteen minutes of deliberation. Mr. Weil did not take the stand, but several other former UBS bankers testified. They said Mr. Weil was deeply involved in hiding \$20 billion from the IRS. Martin Liechti, the former UBS head of banking in the Americas, testified that Mr. Weil knew thousands of accounts didn't comply with U.S. tax law. Some former clients testified too.

The government accused Mr. Weil and his subordinates of using sham structures so U.S. clients could sidestep the IRS. Mr. Weil was indicted in 2008, and finally arrested in Italy in 2013, courtesy of Interpol. The indictment claimed that between 2002 and 2007, Mr. Weil's UBS unit helped 20,000 U.S. clients conceal approximately \$20 billion in assets from the IRS.



*UBS Offices (Photo credit: Wikimedia)*

The IRS has indicted and prosecuted other foreign bankers and advisers, sending a chill through advisers everywhere. [Renzo Gadola](#), a UBS banker from 1995 to 2008, got five years' probation after turning over names of fellow bankers enabling Americans. Another was [Christos Bagios](#) of Credit Suisse, formerly with UBS. Mr. Bagios was accused of helping U.S. clients hide as much as \$500 million from the IRS while at UBS.

Many names and addresses are being added to the mountains of information collected from voluntary disclosures, whistleblowers and [FATCA](#). The granddaddy of disclosure laws, FATCA is a pervasive U.S. law that makes foreign banks and financial institutions report on Americans. In Switzerland, over 100 banks are participating in a [program](#) to disclose undeclared American accounts and pay penalties. See [Signed Joint Statement and Program](#).

Numerous U.S. taxpayers have disclosed their offshore accounts, and in June of 2014, the IRS revamped and expanded its programs. Meanwhile, Credit Suisse Group AG's main bank subsidiary pleaded guilty and paid a \$2.6 billion penalty. For depositors and banks alike, disclosure and penalties are vastly better than the alternative. Notably, [closing foreign accounts is not an alternative](#) to coming clean with the IRS.

In 2009, UBS paid a \$780 million fine, and the IRS and DOJ haven't missed a beat since. With around 120 prosecutions and tens of thousands of Americans stepping forward to pay taxes, penalties, and interest, the IRS has collected billions. It is arguable that today, no offshore income,

account or trust is still secret. Already many countries have or are implementing broad disclosure policies, even Russia and China.

For Americans who fail to step forward, the IRS and Department of Justice warn of their vast resources. One lesson of Mr. Weil's 2013 arrest in Italy on a 2008 tax indictment is the long reach and long memory of the federal government. But for those with the budget and intestinal fortitude to play it out, Mr. Weil's case also shows that sometimes on some facts, an acquittal is possible.

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