PRESS RELEASE

Internal Revenue Service - Criminal Investigation
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Date: Dec. 10, 2015

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IRS – Criminal Investigation

CI Release #: CI-2015-12-10-A

Justice Department Announces Two Banks Reach Resolutions Under Swiss Bank Program

The Department of Justice announced today that Cornèr Banca SA (Cornèr) and Bank Coop AG (Bank Coop) reached resolutions under the department's Swiss Bank Program.

The Swiss Bank Program, which was announced on Aug. 29, 2013, provides a path for Swiss banks to resolve potential criminal liabilities in the United States. Swiss banks eligible to enter the program were required to advise the department by Dec. 31, 2013, that they had reason to believe that they had committed tax-related criminal offenses in connection with undeclared U.S.-related accounts. Banks already under criminal investigation related to their Swiss-banking activities and all individuals were expressly excluded from the program.

Under the program, banks are required to:

- Make a complete disclosure of their cross-border activities;
- Provide detailed information on an account-by-account basis for accounts in which U.S. taxpayers have a direct or indirect interest;
- Cooperate in treaty requests for account information;
- Provide detailed information as to other banks that transferred funds into secret accounts or that accepted funds when secret accounts were closed;
- Agree to close accounts of accountholders who fail to come into compliance with U.S. reporting obligations; and
- Pay appropriate penalties.

Swiss banks meeting all of the above requirements are eligible for a non-prosecution agreement.

According to the terms of the non-prosecution agreements signed today, each bank agrees to cooperate in any related criminal or civil proceedings, demonstrate its implementation of controls to stop misconduct involving undeclared U.S. accounts and pay a penalty in return for the department's agreement not to prosecute these banks for tax-related criminal offenses.

Cornèr is headquartered in Lugano, Switzerland, with branch offices in Chiasso, Geneva, Locarno and Zurich, Switzerland. Cornèr has two wholly owned affiliates: Cornèr Banque (Luxembourg) SA, based in

Luxembourg, and Cornèr Bank (Overseas) Ltd., based in the Bahamas. Cornèr offers a full range of traditional banking services, but it specializes in private banking, payment cards and securities trading.

For 40 years, Cornèr has offered both credit cards and prepaid debit cards under its CornèrCard brand name to its clients and clients of other financial institutions. Since Aug. 1, 2008, U.S. persons held 1,312 CornèrCard accounts at Cornèr. Use of CornèrCards by U.S. persons facilitated their access to and use of any undeclared funds on deposit at Cornèr and at other Swiss banks.

Cornèr assisted certain of its U.S. clients to evade their U.S. tax obligations, file false federal tax returns with the Internal Revenue Service (IRS) and hide overseas assets from the IRS. Cornèr opened, maintained and serviced accounts for U.S. persons that it knew were likely not declared to the IRS or the U.S. Department of the Treasury as required by U.S. law. Cornèr also maintained correspondent accounts at a U.S. bank to facilitate certain transactions for its clients – namely, conducting wire transfers in U.S. dollars and collecting checks issued in U.S. dollars. Such transfers included transactions involving U.S.-related accounts.

Between 2001 and 2008, Cornèr relationship managers traveled to the United States on at least 10 occasions to visit existing Cornèr clients. All of the U.S. client visits were approved by Cornèr management. Cornèr executives accompanied relationship managers on several of the trips to the United States and also visited with U.S. clients. Matters discussed during these client visits included account performance, account fees, account investment positions, alternative investments, increasing client deposits at Cornèr, client satisfaction with Cornèr, how to send account funds to the United States to purchase assets and referrals of new clients to Cornèr by existing clients. Cornèr relationship managers also met with holders of U.S.-related accounts in countries other than the United States and Switzerland, such as Italy.

In August 2008, Cornèr's executive board decided that:

- There would be no changes to Cornèr's existing U.S.-related accounts at that time, based on the board's assessment that Cornèr had not engaged in the same type of conduct as had UBS;

- Cornèr would continue accepting new U.S. clients, but only after review by Cornèr's compliance department and approval by an executive board member; and

- Cornèr would not accept any new U.S. clients coming from UBS.

However, after August 2008, Cornèr accepted new U.S.-related accounts from UBS, and Cornèr had reason to know that some of these accounts were undeclared. Also, after August 2008, Cornèr accepted new U.S.-related accounts, including one of the above-mentioned UBS accounts, without approval by an executive board member.

Cornèr provided its U.S. clients with the option to enter into hold-mail agreements, which allowed U.S. persons to keep evidence of their accounts outside of the United States in order to conceal assets and income from the IRS. Cornèr also provided its U.S. clients with the option to request numbered accounts, including code-name accounts. Holders of these accounts were permitted to use code names in all of their correspondence addressed to Cornèr and agreed that correspondence from Cornèr addressed to the code names would be considered as addressed to the clients. Examples of code names used by U.S. persons for their numbered accounts at Cornèr include "Dumbledor," "Windstopper," "Rocking" and "Anticipation." Cornèr understood that providing numbered accounts and permitting code-name correspondence allowed U.S. persons to keep their identities secret from U.S. authorities in order to conceal assets and income from the IRS.

Cornèr had U.S.-related accounts that were beneficially owned by U.S. persons but held in the names of structures, including entities such as corporations, foundations or trusts. Cornèr knew, or had reason to know, that many of these structures were used by U.S. clients to help conceal their identities from the IRS. The structures were organized under the laws of various jurisdictions, including the Bahamas, Belize, the British Virgin Islands, Jersey, Liberia, Liechtenstein, the Marshall Islands, the Netherlands Antilles, Panama, St. Kitts and Nevis, St. Vincent and the Grenadines and Uruguay. Cornèr Bank

(Overseas), Cornèr's Bahamian affiliate, created international business corporations organized under the laws of the Bahamas, and several such corporations opened accounts at Cornèr that were beneficially owned by U.S. persons.

Since Aug. 1, 2008, Cornèr held 383 U.S.-related accounts with over $351 million in assets. Cornèr will pay a penalty of $5.068 million.

Bank Coop is a Swiss retail bank headquartered in Basel, Switzerland. Bank Coop was founded in 1927, when the Swiss Confederation of Trade Unions and the Federation of Swiss Consumer Associations established it as a cooperative society under the name Cooperative Central Bank. Today, Bank Coop is a publicly traded company listed on the SIX Swiss Exchange. Basler Kantonalbank has been Bank Coop's majority shareholder since December 1999. Bank Coop has 32 branches throughout Switzerland. It has never had offices, branches or subsidiaries outside the country.

Bank Coop offered a variety of traditional Swiss banking services that it knew could assist, and did assist, U.S. clients in concealing their undeclared assets and income. These services included hold mail, numbered accounts and travel cash cards. Bank Coop accepted regular instructions from one client who is a U.S. citizen and resident to transfer approximately $9,500 to his account in the United States each month. After Aug. 1, 2008, Bank Coop opened accounts for U.S. residents who transferred assets from other Swiss financial institutions, including UBS and Credit Suisse AG, knowing that it was likely that the assets were undeclared.

Bank Coop also processed substantial cash withdrawals in connection with the closure of some U.S.-related accounts. For example, in February 2012, a client visited Bank Coop three times and withdrew $30,000, 30,000 in euros and 25,000 in euros, respectively, on those visits. At that time, the client informed Bank Coop that he decided to close the account, expressing concern about recent developments regarding Swiss bank secrecy and disclosure requests by U.S. and EU authorities. In March 2012, the client withdrew approximately 30,000 in Swiss francs and, upon closing the account in June 2012, withdrew the remaining balance of approximately 5,000 euros.

In April 2010, one client visited Bank Coop and requested that the bank purchase one kilogram of gold, which the client stored in his safety deposit box at Bank Coop. In August 2010, the client instructed Bank Coop to purchase another kilogram of gold, which was collected by the client's daughter. In March 2011, the client instructed Bank Coop to purchase another kilogram of gold, which the client stored in his safety deposit box. In September 2012, after being advised by Bank Coop that his account would be closed on account of his U.S. residence, the client instructed Bank Coop to sell the gold in his safety deposit box and credit the proceeds to his account at Bank Coop. In October 2012, the client instructed Bank Coop to close the account and send a "crossed" check of approximately $335,000 to a Swiss law firm.

Bank Coop opened and maintained accounts held in the name of non-U.S. entities, including a Panama corporation and a Hong Kong corporation, while knowing that U.S. taxpayers were the true beneficial owners of the accounts held by these non-U.S. entities. In at least one instance, Bank Coop was aware that a U.S. person was the true beneficial owner of an account held by a Panama entity but accepted a false IRS Form W-8BEN from the entities' directors. The false Form W-8BEN falsely declared that the beneficial owner was not a U.S. taxpayer and was signed by a director of the entity, who also was the director of the external asset manager that introduced the client to Bank Coop.

In 2001, Bank Coop entered into a Qualified Intermediary (QI) Agreement with the IRS. The QI regime provided a comprehensive framework for U.S. securities-related information reporting and tax withholding by a non-U.S. financial institution. In general, if an accountholder wanted to trade in U.S. securities and avoid mandatory U.S. tax withholding, the QI Agreement required Bank Coop to obtain the consent of the accountholder to disclose the client's identity to the IRS. Bank Coop continued to service certain U.S. customers without disclosing their identity to the IRS and without considering the impact of U.S. criminal law on that decision. In 2001, a relationship manager, after winning a contest sponsored by Bank Coop, visited the United States. During the visit he secured from an accountholder a "Declaration of U.S. Taxable Persons," in which the accountholder declared that she did not authorize Bank Coop to disclose her name to the U.S. tax authorities and instructed Bank Coop to sell her U.S. securities.

Since Aug. 1, 2008, Bank Coop maintained 385 U.S.-related accounts, with an aggregate maximum balance of approximately $71.4 million. Bank Coop will pay a penalty of $3.223 million.

In accordance with the terms of the Swiss Bank Program, each bank mitigated its penalty by encouraging U.S. accountholders to come into compliance with their U.S. tax and disclosure obligations. While U.S. accountholders at these banks who have not yet declared their accounts to the IRS may still be eligible to participate in the IRS Offshore Voluntary Disclosure Program, the price of such disclosure has increased.

Most U.S. taxpayers who enter the IRS Offshore Voluntary Disclosure Program to resolve undeclared offshore accounts will pay a penalty equal to 27.5 percent of the high value of the accounts. On Aug. 4, 2014, the IRS increased the penalty to 50 percent if, at the time the taxpayer initiated their disclosure, either a foreign financial institution at which the taxpayer had an account or a facilitator who helped the taxpayer establish or maintain an offshore arrangement had been publicly identified as being under investigation, the recipient of a John Doe summons or cooperating with a government investigation, including the execution of a deferred prosecution agreement or non-prosecution agreement. With today's announcement of these non-prosecution agreements, noncompliant U.S. accountholders at these banks must now pay that 50 percent penalty to the IRS if they wish to enter the IRS Offshore Voluntary Disclosure Program.

Acting Assistant Attorney General Caroline D. Ciraolo of the Justice Department's Tax Division thanked the IRS and in particular, IRS-Criminal Investigation and the IRS Large Business & International Division for their substantial assistance. Acting Assistant Attorney General Ciraolo also thanked Gregory E. Van Hoey, Michael R. Pahl and Michael N. Wilcove, who served as counsel on these matters, as well as Senior Counsel for International Tax Matters and Coordinator of the Swiss Bank Program Thomas J. Sawyer, Senior Litigation Counsel Nanette L. Davis and Attorney Kimberle E. Dodd of the Tax Division.

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