



## Offshore Tax-Avoidance and IRS Compliance Efforts

The IRS continues to uncover abusive tax-avoidance schemes involving offshore activity. Find information here pertaining to Union Bank of Switzerland (UBS).

### Aug. 19, 2009 Announcement and Documents

[IRS to Receive Unprecedented Amount of Information in UBS Agreement](#) (News Release 2009-75)

[Excerpts from IRS Commissioner Doug Shulman's Press Remarks](#)

[U.S.-Swiss Government Agreement](#) | [Declarations](#) | [Bank Agreement](#)

### UBS Clients

April 15, 2010 — In Manhattan, N.Y., [seven UBS clients](#) were indicted for collectively hiding over \$100 million in secret Swiss bank accounts. Two of these individuals, Jules Robbins and Federico Hernandez, pleaded guilty and agreed to pay civil penalties of \$20.8 million and \$4.4 million, respectively. The remaining indicted clients were Kenneth Heller, Sybil Nancy Upham, Richard Werdiger, Ernest Vogliano and Shmuel Sternfeld.

April 13, 2010 — [Paul Zabczuk](#), of The Woodlands, Texas, pleaded guilty to filing a false tax return wherein he failed to report his interest in or signature authority over financial accounts at UBS AG.

April 12, 2010 — [Harry Abrahamsen](#), of Oradell, N.J., pleaded guilty to failure to file a Report of Foreign Bank or Financial Accounts (FBAR) report. Abrahamsen admitted that he concealed over \$1 million in Swiss bank accounts.

Feb. 4, 2010 — [Jack Barouh](#) of Golden Beach, Fla., pleaded guilty to filing a false tax return. Barouh admitted to filing a false tax return for 2007 in which he failed to report a foreign bank account. He was [sentenced](#) to 10 months in prison and ordered to pay all taxes, interest and penalties due and owing.

Oct. 5, 2009 — [Roberto Cittadini](#) of Bellevue, Wash., pleaded guilty to filing a false tax return and admitted to concealing nearly \$2 million in Swiss bank accounts. Cittadini, a retired sales manager for Boeing, failed to file a Report Foreign Bank and Financial Accounts for 2001 through 2003. Cittadini was sentenced on Jan. 8, 2010, to six months home detention and one year supervised release and was ordered to pay a \$10,000 fee and \$17,985 in restitution.

Sept. 25, 2009 — [Juergen Homann](#) of Saddle River, N. J., pleaded guilty to failure to file a Report of Foreign Bank or Financial Accounts and accepted responsibility for concealing more than \$5 million in Swiss bank accounts. Homann was sentenced on Jan. 6, 2010, to five years probation and was ordered to pay a \$60,000 fine.

Aug. 14, 2009 — [John McCarthy](#) of Malibu, Calif., pleaded guilty to failing to inform the government of a Swiss bank account as part of a scheme to move at least \$1 million from the United States into Swiss bank accounts with the goal of avoiding the payment of federal income taxes. McCarthy was sentenced on March 22, 2010, to three years of supervised release with six months served in home detention and 300 hours community service. In addition, he was ordered to pay a \$25,000 fine and to file tax returns for 2003 through 2008 and pay all taxes due and owing.

July 28, 2009 — [Jeffrey P. Chernick](#) of Stanfordville, N.Y., pleaded guilty to charges of filing a false tax return. Chernick, who owns a corporation which represents toy manufacturers in China and Hong Kong, accepted responsibility for concealing more than \$8 million in Swiss bank accounts. Chernick was sentenced on Oct. 30, 2009, to three months in prison and one year of supervised release with six months served in home detention.

June 25, 2009 — UBS client [Steven Michael Rubinstein](#) of Boca Raton, Fla., pleaded guilty to filing a false tax return for tax year 2004. On April 1, 2009, Rubinstein was charged with filing a false tax return that intentionally failed to disclose the existence of a Swiss bank account maintained by UBS of which he was the beneficial owner and failed to report any income earned on that account. Rubinstein was sentenced on Oct. 28, 2009, to three years probation, of which 12 months will be served in home detention.

April 14, 2009 — [Robert Moran](#) of Lighthouse Point, Fla., pleaded guilty to a criminal information charging him with filing a false income tax return. Moran accepted responsibility for concealing more than \$3 million in assets in a secret bank account at UBS in Switzerland. Moran was sentenced on Nov. 6, 2009, to two months in prison and one year of supervised release with five months in home confinement.

### Legal Actions to Date

Aug. 21, 2009 — Former UBS banker [Bradley Birkenfeld](#) was sentenced to 40 months in prison. Birkenfeld worked as a private banker for UBS AG and assisted an American billionaire real estate developer evade paying \$7.2 million in taxes.

Aug. 20, 2009 — [Hansruedi Schumacher and Matthias Rickenbach](#) were indicted for conspiring to assist wealthy American clients conceal their assets by establishing sham offshore entities. Schumacher was an executive manager at Neue Zuercher Bank (NZB), a private Swiss bank. Rickenbach was a Swiss attorney who advised U.S. clients.

Aug. 19, 2009 — The Justice Department and the IRS today announced that [an agreement](#) has been reached with the Swiss government regarding the John Doe summons filed against UBS on June 30, 2008.

Feb. 18, 2009 — UBS AG, Switzerland's largest bank, entered into a [deferred prosecution agreement](#) on charges of conspiring to defraud the United States by impeding the Internal Revenue Service (IRS).

Nov. 12, 2008 — [Raoul Weil](#), a senior executive of a large Swiss bank, was charged with conspiring with other executives, managers, private bankers and clients of the banking firm to defraud the United States.

June 30, 2008 — The Justice Department filed papers seeking an order from a federal court in Miami, Fla., authorizing the Internal Revenue Service (IRS) to use a [John Doe summons](#) to request information from Zurich, Switzerland-based UBS AG about U.S. taxpayers who may be using Swiss bank accounts to evade federal income taxes.

May 13, 2008 — Banker [Mario Staggi](#) was indicted for conspiring with banker Bradley Birkenfeld to assist an American billionaire real estate developer evade paying \$7.2 million in taxes by assisting in concealing \$200 million of assets in Switzerland and Liechtenstein.

Dec. 12, 2007 — [Igor Olenicoff](#), president and owner of Olen Properties Corporation, pleaded guilty to filing a false tax return for tax year 2002 related to foreign bank accounts he failed to disclose to the IRS. According to Olenicoff's plea agreement, during the years 1992 through 2004, Olenicoff owned, controlled and had signatory authority over financial accounts outside of the United States.

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