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JUSTICE NEWS

Department of Justice

Office of Public Affairs

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Wisconsin Neurosurgeon Convicted of Filing False Tax Return and Failing to File Report of Foreign Bank Accounts

Doctor Hid \$8 Million in Secret Offshore Accounts in India

A jury convicted Arvind Ahuja yesterday on federal tax charges stemming from his failure to disclose offshore bank accounts maintained in India and the Bailiwick of Jersey, the Justice Department and Internal Revenue Service (IRS) announced. Trial began on Aug. 15, 2012 before U.S. District Judge Charles N. Clevert, Jr., in Milwaukee. Ahuja, a prominent neurosurgeon in Milwaukee, was convicted of one count of filing a false 2009 individual income tax return and one count of failing to file a Report of Foreign Bank and Financial Accounts (FBAR).

According to the evidence presented at trial, Ahuja transferred millions of dollars from bank accounts in the United States to undeclared bank accounts located in India at HSBC bank. Ahuja invested the funds in these accounts in certificates of deposit, which earned more than \$2.7 million in interest income during the years 2005 through 2009. Ahuja also maintained an HSBC bank account in the Bailiwick of Jersey, a British Crown dependency located in the Channel Islands off the coast of Normandy, France. Ahuja used credit and debit cards linked to this account to pay personal expenses while on trips to London. Ahuja managed his offshore accounts with the assistance of bankers who worked at an HSBC India representative office in New York.

The evidence established that for tax year 2009, Ahuja filed a false tax return with the IRS that failed to report the interest income earned on his certificates of deposit at HSBC India, and failed to report he had signature authority over bank accounts located in India and Jersey. Ahuja also failed to file an FBAR for 2009 to report his offshore accounts to the IRS. Ahuja's accountant testified that Ahuja never disclosed the existence of his offshore accounts during the preparation of his tax returns.

United States citizens and residents who have an interest in, or signature or other authority over, a financial account in a foreign country with assets in excess of \$10,000 are required to disclose the existence of such account on Schedule B, Part III, of their individual income tax returns. Additionally, U.S. citizens and residents must file an FBAR with the United States Treasury disclosing any financial

account in a foreign country with assets in excess of \$10,000 in which they have a financial interest, or over which they have signature or other authority.

Sentencing is scheduled for Jan. 18, 2013.

"This prosecution reflects the continuing commitment of the United States Department of Justice, including my office and the Tax Division, to identify, investigate and prosecute individuals who fail to abide by well-established obligations to report and pay on their tax indebtedness," said James L. Santelle, U.S. Attorney for the Eastern District for Wisconsin. "In combination with the Internal Revenue Service, we are committed to enforcing the tax laws fairly and even-handedly, and the jury's verdict in this case appropriately reflects the understanding of all law-abiding citizens that underreporting income and failing to report foreign bank accounts will not be tolerated."

"This case is a warning to individuals who still think they can use offshore bank accounts to commit tax crimes," said John A. DiCicco, Principal Deputy Assistant Attorney General for the Justice Department's Tax Division. "Citizens who honestly report their income and pay their taxes can take comfort that the Department of Justice is committed to the prosecution of tax cheats who use these offshore accounts."

Principal Deputy Assistant Attorney General DiCicco thanked special agents of IRS - Criminal Investigation, who provided valuable assistance in conducting the investigation, and Senior Litigation Counsel John E. Sullivan, Trial Attorney Melissa S. Siskind, and Assistant U.S. Attorney Tracy M. Johnson, who prosecuted the case.

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