



DEPARTMENT OF THE TREASURY
Internal Revenue Service
Criminal Investigation

Memorandum of Interview

Investigation #:	1000229815	Location:	601 D Street NW
Investigation Name:	HSBC		Washington, DC 20002
Date:	April 15, 2011		
Time:	10:40am-1:40pm		
Participant(s):	Sukrant Gupta, Former HSBC NRI Banker		
	Dan Rubinstein, Attorney		
	Abigail Clapp, Attorney		
	John Sullivan, Department of Justice Geoffrey Cook, Special Agent, IRS Criminal Investigation		

On the above date and time, Sukrant Gupta (“Gupta”) and his attorneys, Dan Rubinstein and Abigail Clapp, met with John Sullivan of the Department of Justice and Special Agent Geoffrey Cook of IRS Criminal Investigation. Dan Rubinstein indicated that Gupta had the opportunity to read, review, and sign the proffer provided by John Sullivan. John Sullivan told Gupta that he was a subject in an investigation involving unreported offshore bank accounts. Gupta stated that he understood the agreement and was legally obliged to tell the truth. Gupta provided the following information:

1. Gupta graduated from the University of New Delhi with a degree in Management in May 2003. After graduation, he began to work at HSBC in New Delhi. Gupta worked in customer service and assisted both resident and Non-Resident Indian (“NRI”) customers. An NRI is a person of Indian origin that lives abroad.
2. In 2007, Gupta noticed a posting on HSBC’s intranet that advertised a position in the United States. Gupta applied and was accepted to work at the HSBC Representative office in Fremont, California. Gupta interviewed in Mumbai with Manasije Mishra and in California with Vandana Katju (“Katju”), Chaitali Khabya, and Birina Singh. When Gupta began work, he received a list of clients and instruction as to how the business was structured. Gupta went to other HSBC branches to introduce himself and let them know that if any questions regarding NRI accounts surfaced, the bankers could contact him.
3. Gupta is pursuing an MBA at the University of Chicago. He graduates in May 2011. Gupta accepted a job at HSBC in London for after graduation. Gupta is currently in the United States on a student visa.
4. Gupta received a regular evaluation on the number and amount of new deposits he obtained. His manager, Katju, conducted the evaluation. Katju accessed an excel file that was shared between the New York and California representative offices that was used to track deposits.

5. Gupta's biggest client was . Gupta maintained his own excel spreadsheet on amounts and frequency. ation on deposit
6. Gupta was not allowed to send mailers or make cold calls to solicit new clients. However, he was permitted to ask existing clients for names of individuals to contact that may be interested in an HSBC NRI account. The bank management knew that Gupta and his colleagues solicited new deposits and did not discourage this practice.
7. If someone wanted to open an NRI account, Gupta instructed him/her to visit the HSBC website and print the relevant account opening documents. If the person wanted, Gupta provided assistance in filling the form out. On a few occasions, Gupta filled the form out for the customer. Once the application was complete, Gupta verified the customer's identification and authenticated the application for HSBC. Gupta did not process the application in California. The customer mailed the completed application to a lock box in Buffalo, New York.
8. HSBC India maintained a lockbox in Buffalo, New York. Customers mailed their account applications and checks to the lockbox and the lockbox was transported to India to process the mailings. There was no record kept of which customers mailed deposits to the lockbox. Gupta does not know if the envelopes were opened in New York or transported to India first.
9. There are three types of NRI accounts available to an NRI: Non-Resident External ("NRE"), Non-Resident Ordinary ("NRO"), and Foreign Currency Non Resident ("FCNR"). NRE accounts are freely repatriable and NRO accounts have repatriation restrictions. NRO accounts distributed ATM cards that only worked in India. NRE accounts distributed ATM cards that worked anywhere in the world. NRE deposits are made in a foreign currency and NRO accounts are maintained in Indian Rupees ("INR"). NRE accounts did not have tax deducted at source ("TDS") and NRO accounts deducted 30% of interest earned. The TDS was always Indian tax. The NRI accounts did not pay taxes to the United States or other foreign governments. There was no TDS on FCNR accounts. There was no restriction on repatriation for FCNR accounts.
10. Gupta recognized the document labeled HSBC-DOJ-27656. If an NRI customer filled out a form such as this one stating that he was a tax citizen of the United States, the customer was eligible for a TDS reduction from 30% to 15% of interest earned.
11. The document titled "Form 60", labeled HSBC-DOJ-026662, was used at HSBC India when the account holder did not have a Permanent Account Number ("PAN"). A PAN is a unique identifying number assigned to every Indian resident, similar to an American Social Security Number ("SSN"). Many NRI clients did not have a PAN and were required to fill out Form 60. Gupta instructed new NRI account holders that did not have a PAN to include Form 60 with their account application.

12. Gupta does not know how many of his NRI clients filed Indian tax returns.
13. Gupta is not aware of the competition in the NRI marketplace. Gupta does not know what products or services HSBC's competition offered to NRI customers.
14. Gupta explained that the benefits of an HSBC NRI account were competitive interest rates and personal customer service through a relationship manager. Gupta did not volunteer to customers that they would not receive a Form 1099 for interest earned. If a customer asked about Form 1099, Gupta told the customer that they would not receive one because HSBC India did not issue them. However, each year, each customer received an Interest Tax Certificate, Form 16A. This form stated how much interest income the account earned in the previous year. The form was mailed to the address on file.
15. In response to all tax inquiries, as instructed by management, Gupta told all of his clients that he was not a tax expert. Gupta never told anyone that they had a duty to file but is aware that customers had to report worldwide income.
16. While Gupta was employed at HSBC in Fremont, he was not aware that Citibank began to issue Forms 1099 for NRI accounts. However, after news broke of the HSBC investigation, he learned from a friend at Citibank that they issued Forms 1099. Gupta does not know if other institutions required a Social Security Number to open an account.
17. Gupta was evaluated on the amount of deposits, number of deposits, and number of new clients associated with his work. Additionally, customer service complaints could not increase.
18. The remittance process for bringing money back to the United States from India depended on the account type. For an NRE or FCNR account, the customer had to print a form from the HSBC website with instructions on where to send a wire transfer or mail a check. The majority of the time it was a wire transfer.
19. The process for an NRO account was more complex due to the limitations imposed by the Indian government. In addition to other steps, the customer had to employ an accountant to receive a chartered certificate for remittance and fill out the Indian Form A2, Application for Remittance Abroad.
20. Not all of these forms were available online and the Fremont office made some forms available to its customers. Once the forms were complete, the customer mailed them to the lockbox. Gupta did not keep or retain copies of the completed forms.
21. In addition to assisting customers open accounts and transfer money between India and the United States, Gupta helped customers with customer service questions. For example, a customer may call and ask how much money he has in an account. Gupta did not have access to this information on his computer

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At the conclusion of the interview, John Sullivan thanked Gupta and his attorneys for their time and honesty. John Sullivan said he would follow up with Gupta's attorneys should the need arise.

I prepared this memorandum on April 28, 2011, after refreshing my memory from notes made during and immediately after the interview with Sukrant Gupta.

Memorandum Author


Geoffrey Cook
Special Agent

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