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Manhattan U.S. Attorney Charges Swiss Lawyer And Swiss Banker With Conspiring To Hide Millions Of Dollars In Swiss Bank Accounts

FOR IMMEDIATE RELEASE

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Preet Bharara, the United States Attorney for the Southern District of New York, Kathryn Keneally, Assistant Attorney General for the Tax Division, Department of Justice ("DOJ"), and Richard Weber, the Chief of Internal Revenue Service, Criminal Investigation ("IRS-CI"), announced the indictment today of EDGAR PALTZER, a partner at a Swiss law firm (the "Swiss Law Firm") and a registered attorney in the State of New York, and STEFAN BUCK, the head of private banking and a member of the executive committee at a bank headquartered in Switzerland ("Swiss Bank No. 1"). PALTZER and BUCK are each charged with one count of conspiring with U.S. taxpayer-clients and others to hide millions of dollars in offshore accounts from the IRS and to evade U.S. taxes on the income earned in those accounts.

Manhattan U.S. Attorney Preet Bharara said: "As alleged, Edgar Paltzer and Stefan Buck used their professional expertise to guide and encourage their U.S. clients to evade our tax laws. This is simply the latest in an increasingly long list of cases this Office has charged against foreign individuals and entities that allegedly conspired to violate U.S. tax laws, many of which have already been convicted."

Assistant Attorney General for the DOJ's Tax Division Kathryn Keneally said: "We learn new information every day about the use of foreign bank accounts to facilitate U.S. tax evasion. Those involved need to balance whether trying to hide money is worth the real risk of discovery and criminal prosecution. Time is running out."

IRS-CI Chief Richard Weber said: "Today's indictment is the latest action against foreign bankers and professionals who assist taxpayers with concealing from the IRS their offshore bank accounts and income generated in those accounts. International tax evasion is a high priority for IRS and through our investigative efforts, we are gaining access to more and more information on institutions and individuals involved in offshore tax evasion. IRS Criminal Investigation will use all of our enforcement tools to stop this abuse."

According to the allegations contained in the Indictment filed today in Manhattan federal court:

PALTZER is a U.S.- and Swiss-trained lawyer who began to practice at the Swiss Law Firm in 1998, in the fields of international private client work, wealth transfer planning, successions, trusts and foundations, and eventually became a partner. PALTZER is licensed to practice in New York State.

In 2007, BUCK worked as a client adviser, and later, as the head of private banking at Swiss Bank No. 1, which provides private banking, asset management, and other services to clients around the world. In December 2012, BUCK became a member of Swiss Bank No. 1's three-person executive committee.

In March 2009, UBS AG ("UBS"), a Swiss bank that provided private banking services to U.S. taxpayers, entered into a deferred prosecution agreement with the Department of Justice and admitted engaging in a conspiracy to defraud the IRS. In February 2012, Wegelin & Co. ("Wegelin"), another Swiss bank that provided similar services, was indicted by a grand jury in the Southern District of New York for its conduct in conspiring with U.S. taxpayers to evade taxes, and ultimately pled guilty. Between March 2009 and February 2012, Swiss Bank No. 1 experienced an increase of approximately 300% in clients who were U.S. taxpayers. Further, as of September 30, 2012, Swiss Bank No. 1 had approximately 2 billion Swiss francs in assets under management ("AUM"), equating to approximately \$2.12 billion. Approximately 882.5 million Swiss francs of this AUM, equating to approximately \$938 million, or approximately 44 percent of Swiss Bank No. 1's total AUM, was held on behalf of U.S. taxpayers living in the United States.

PALTZER and BUCK conspired with various U.S. taxpayers and others to ensure that their clients could hide their Swiss bank accounts and the income generated in these accounts from the IRS. The defendants opened and managed undeclared accounts on behalf of U.S. taxpayers at Swiss Bank No. 1 and other Swiss banks. PALTZER and BUCK helped U.S. taxpayers open undeclared accounts at Swiss Bank No. 1 after these U.S. taxpayers had been informed by other Swiss banks that they had to close their undeclared accounts.

BUCK and PALTZER also helped to repatriate funds to the U.S. taxpayers from their undeclared accounts in Switzerland in ways that were designed to ensure that U.S. authorities would not discover these undeclared accounts. For example, PALTZER helped a U.S. taxpayer repatriate assets in the form jewelry in order to avoid detection of an account in Switzerland. BUCK attempted to dissuade a U.S. taxpayer with an undeclared account at Swiss Bank No. 1 from entering the IRS's voluntary disclosure program. In substance, he told the taxpayer that the account did not need to be disclosed to the IRS because Swiss Bank No. 1 operated only in Switzerland, and the U.S. rules did not apply.

* * *

PALTZER, 56, a dual U.S.-Swiss citizen, and BUCK, 32, a Swiss citizen, both reside in Switzerland. Neither defendant has been arrested.

PALTZER and BUCK each face a maximum sentence of five years in prison, a maximum term of three years of supervised release, and a fine of the greatest of \$250,000, or twice the gross pecuniary gain derived from the offense or twice the gross pecuniary loss to the victims.

Mr. Bharara praised the outstanding efforts of IRS-CI in the investigation, which he noted is ongoing. He also thanked DOJ's Tax Division for their significant assistance in the investigation.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorneys Daniel W. Levy, Jason H. Cowley, and David B. Massey and are in charge of the prosecution.

The charges and allegations contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.