

Exhibit B

STATEMENT OF FACTS

INTRODUCTION

1. Strachans SA (Strachans) was incorporated in 1999 and became active in 2000. It was based in Geneva, Switzerland. Strachans was created to take over the business of its sister company, Strachan Services Limited ("SSL") which was based in Jersey, Channel Islands. After SSL's business was transferred from Jersey to Geneva, SSL ceased to provide any offshore services.
2. Strachans was an independent firm providing administration to offshore structures for clients residing in a range of countries, including citizens and residents of the United States ("U.S.-based clients"). This included the formation of trusts and off-shore companies, administration, bookkeeping, and accounting but did not include the provision of banking services or the giving of investment advice. These services were predominantly provided by Swiss Banks.
3. Strachans was beneficially owned by three shareholders, Richard Jepson Egglshaw, Terence Ahier Jehan and Philip Jepson Egglshaw (collectively the "Strachans Shareholders"). It was licensed to provide financial services and regulated by the Association Romande Des Intermediaires Financiers ("ARIF"). In December 2011, Strachans was placed in liquidation, and Philip J. Egglshaw was appointed as the liquidator.
4. Strachans charged for its services on a time-cost basis for administering a client's accounts and not, with one exception, based on a client's assets under management ("AUM"). Accordingly, records were not maintained to reliably calculate the AUM for U.S.-based clients. Strachans provided services to approximately 60 U.S.-based clients in undeclared accounts. While the majority of those accounts contained less than \$1 million under administration, approximately seven accounts contained between \$1-\$10 million under administration. There were approximately five accounts above \$10 million, the largest being approximately \$25 million under administration.
5. Strachans earned approximately \$4.7 million in gross fees between the years 2000 to 2015 attributable to these undeclared U.S. taxpayer accounts.

U.S. INCOME TAX AND REPORTING OBLIGATIONS

6. U.S. citizens, resident aliens, and legal permanent residents have an obligation to report all income earned from foreign bank accounts on their tax returns and to pay the taxes due on that income. For the tax year 1976 forward, U.S. citizens, resident aliens, and legal permanent residents had an obligation to report to the Internal Revenue Service ("IRS") on the Schedule B of a U.S. Individual Income Tax Return, Form 1040, whether that individual had a financial interest in, or signature authority over, a financial account in a foreign country in a particular year by checking "Yes" or "No" in the appropriate box and identifying the country where the account was maintained.
7. Since 1970, U.S. citizens, resident aliens, and legal permanent residents who have had a financial interest in, or signature authority over, one or more financial accounts in a foreign country with an aggregate value of more than \$10,000 at any time during a particular year have been required to file with the Department of Treasury a Report of Foreign Bank and Financial Accounts, FinCEN Form 114, formerly known as Form TD F 90-22.1 (the "FBAR").
8. An "undeclared account" was a financial account owned by an individual who was a U.S. citizen, resident alien, or legal permanent resident and maintained in a foreign country that had not been reported by the individual account owner to the U.S. government on an income tax return or other form and an FBAR as required.
9. Since 1935, Switzerland has maintained criminal laws that ensure the secrecy of client relationships at Swiss Banks. While Swiss law permits the exchange of information in response to administrative requests made pursuant to a tax treaty with the United States and certain legal requests in cases of tax fraud, Swiss law otherwise prohibits the disclosure of identifying information without client authorization. Because of the secrecy guarantee that they created, these Swiss criminal provisions have historically enabled U.S. taxpayer-clients to conceal their Swiss bank accounts from U.S. authorities.
10. In 2008, Swiss bank UBS AG ("UBS") publicly announced that it was the target of a criminal investigation by the IRS and the United States Department of Justice and that it would be exiting and no longer accepting certain U.S. clients. On February 18, 2009, the Department of Justice and UBS filed a deferred prosecution agreement in the Southern District of Florida in which UBS admitted that its

cross-border banking business used Swiss privacy law to aid and assist U.S. clients in opening and maintaining undeclared assets and income from the IRS. Since 2008, several other Swiss Banks have publicly announced resolutions with the Department of Justice or that they were or are the targets of similar criminal investigations and that they would likewise be exiting relationships with and not accepting certain U.S. clients. These cases have been closely monitored by banks and other financial institutions operating in Switzerland, including Strachans, since at least August 2008.

THE OFFENSE CONDUCT

11. From at least 2001 through 2014, Strachans assisted certain U.S.-based clients, including one or more taxpayers residing in the Central District of California, in evading their U.S. tax obligations, which led them to file false federal tax returns with the IRS, and to otherwise hide from the IRS assets maintained overseas. The Strachans Shareholders sought referrals of U.S.-based clients from other professionals (predominantly lawyers and accountants based in the United States). However, the daily administration of the offshore structures was carried out by employees of Strachans.
12. In particular, Strachans helped U.S.-based clients conceal from the IRS their beneficial ownership of undeclared assets maintained in depository financial institutions located in various countries, predominantly Switzerland, Jersey and the United Kingdom. Specifically, in furtherance of a scheme to help U.S.-based clients hide assets from the IRS and evade taxes, Strachans did the following:
 - a. Strachans managed undeclared assets for U.S.-based clients that were held by sham entities (or structures). These structures, which had no business purpose, served as the nominal account holders of accounts that, in reality, belonged to the U.S.-based clients. Strachans allowed U.S.-based clients to maintain their accounts in this fashion despite knowing that the structures were being used to conceal the identities of the U.S.-based clients, who were the true beneficial owners of the assets held by these entities. Strachans signed a number of IRS Forms W-8BEN, which is a certificate of status of beneficial owner for purposes of United States tax withholding, that falsely declared the beneficial ownership as being non-U.S. when clearly it was.

- As an example, Client A, a U.S.-based client living within this District sold his interest, worth in excess of \$25 million, in an overseas entity involved in the entertainment industry. Client A directed the funds from this sale to be diverted to an offshore structure set up specifically by Strachans for him. This allowed the funds from the sale of the overseas entity to evade U.S. taxes.
 - Client A's funds placed in the structure were invested in offshore accounts in a range of securities, many U.S.-based. Client A was able to access the funds in the offshore entity by acquiring real estate for his personal use, using credit cards that were owned by and paid by the structure, and meeting personal expenses such as private jets and collecting musical instruments using funds from the structure. All of this was done in such a way to evade detection by the IRS and avoid taxes required by the Internal Revenue Code.
- b. Strachans facilitated frequent one-way cash collections by U.S.-based clients knowing that they had no intention of declaring the funds to the IRS.

Typically, the U.S. client would visit Strachans in Geneva to collect what was usually \$10,000 in cash and sign a receipt for the money. Also, a member of Strachans would sometimes take the cash to London for collection there by the client and on a few occasions, money was taken to the U.S. by a member of Strachans and provided to the U.S. client in the United States.

Strachans also brokered a limited number of two-way cash swaps within the United States whereby one client would transfer funds to one of the Strachans representatives for deposit offshore, and the Strachans representative would then use those funds to make an undeclared transfer to another U.S. client from those offshore funds. Strachans similarly provided the clients with debit or credit cards drawn from Swiss banks as a means of secretly accessing their offshore funds.

- c. Other shams were adopted in order to allow U.S.-based clients to access their undeclared offshore funds in a secret manner. These included fake loans, consultancy agreements, and dummy invoicing.
- Fake loans were used to allow U.S.-based clients to "borrow" their own money from their offshore funds

via a Strachans entity to acquire assets such as real estate in their own name. The Strachans' entity was used to avoid a direct link between the U.S.-based client and his offshore funds. To make these false loans look real, the U.S.-based client would sign a loan agreement with the Strachans entity detailing terms and conditions such as security, rate of interest and the repayment date. In some cases, loans were not even repaid.

- Consultancy agreements were used to allow U.S.-based clients to be employed by a Strachans entity and receive a retainer (normally for no actual services) and declare that retainer as income on their U.S. tax return. This method allowed clients to directly benefit from a part of their offshore income, albeit in a taxable form.
 - Dummy invoicing was normally used by U.S.-based clients via their own offshore company or a Strachans entity to invoice a bogus service to an overseas third-party payor as a means of fraudulently diverting income offshore. However, it was also used as a means (similar to consultancy services) to give the U.S.-based client access to a limited part of their offshore funds albeit in a taxable form. This would be done by the client (or his accountant) providing invoices to Strachans for fictitious services which would be paid from the offshore funds using cashier's cheques so the actual source of the funds would remain undisclosed.
- d. Strachans' representatives met with U.S.-based clients in the United States, Switzerland, the United Kingdom, and elsewhere. During these meetings, Strachans provided the clients with receipts and payments and other accounting materials to review that did not include the clients' names. Strachans advised the U.S.-based clients that it was not in their interest to keep copies of these statements because doing so would increase the risk that their undeclared offshore assets would be discovered by the IRS.
- e. For a limited number of U.S.-based clients who sought an extraordinary level of confidentiality, Strachans, via its Shareholders, has held client funds in their own personal accounts. Generally, this would be created by funds being moved from the clients' existing offshore structure via a Strachans entity to the Strachans shareholder. Release of these funds back

to their beneficial owner would normally be achieved by a transfer back through an intermediary entity. This was done to obfuscate the true beneficial ownership of funds from the IRS.

- f. One or more U.S. taxpayer-clients of Strachans used the U.S. mails, private or commercial interstate carriers, or interstate wire communications to submit individual federal income tax returns to the IRS that were materially false and fraudulent in that these returns failed to disclose the existence of such taxpayers' undeclared accounts and the income earned in such accounts.
13. At all relevant times, Strachans was aware that U.S. taxpayers had a legal duty to report to the IRS, and pay taxes on the basis of, all their income, including income earned in accounts that these U.S.-based clients maintained with Strachans. Despite being aware of this legal duty, Strachans intentionally assisted U.S.-based clients in opening and maintaining undeclared accounts with the knowledge that, by doing so, Strachans was helping these U.S. taxpayers violate their legal duties. Strachans was aware that this conduct violated U.S. law.
14. The conduct of Strachans allowed it to increase its fees, and hence profit base by maintaining accounts involving undeclared assets and charging for administering those structures.

MITIGATING FACTORS

15. Strachans, through the efforts of the Strachans Shareholders, has fully cooperated with the Department of Justice (the "Department"). Strachans engaged U.S. counsel and made a voluntary approach to the Department in May 2014. Strachans conducted an internal review in order to identify and collect data and information regarding its U.S.-taxpayer accounts. Strachans reported its findings to the Department, providing documentation supporting its findings. Each of the Strachans Shareholders submitted to voluntary interviews by the Department. Strachans also assisted the Department in preparing treaty requests under the Convention between the United States of America and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income (Oct. 2, 1996), and the Protocol Amending the Convention (Sept. 23, 2009) including by identifying U.S.-taxpayer accounts that may meet the standard for information exchange under the treaties.