



THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* NEW YORK

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Department of Justice

U.S. Attorney's Office

Southern District of New York

FOR IMMEDIATE RELEASE

Friday, May 14, 2021

**Switzerland's Largest Insurance Company And Three
Subsidiaries Admit To Conspiring With U.S. Taxpayers To Hide
Assets And Income In Offshore Accounts**

**Swiss Life Holding AG, Swiss Life (Liechtenstein) AG, Swiss Life (Singapore) Pte. Ltd.,
and Swiss Life (Luxembourg) S.A. Enter into Deferred Prosecution Agreement for
Criminal Misconduct; Agree to Pay More than \$77 Million**

Audrey Strauss, United States Attorney for the Southern District of New York, Stuart M. Goldberg, Acting Deputy Assistant Attorney General of the Justice Department's Tax Division, and James C. Lee, Chief of the Internal Revenue Service, Criminal Investigation ("IRS-CI"), announced today the filing of a criminal Information charging Swiss Life Holding AG ("Swiss Life Holding"), Swiss Life (Liechtenstein) AG ("Swiss Life Liechtenstein"), Swiss Life (Singapore) Pte. Ltd. ("Swiss Life Singapore"), and Swiss Life (Luxembourg) S.A. ("Swiss Life Luxembourg") (collectively, the "Swiss Life Entities") with conspiring with U.S. taxpayers and others to conceal from the Internal Revenue Service (the "IRS") more than \$1.452 billion in offshore insurance policies, including more than 1,600 insurance wrapper policies, and related policy investment accounts in banks around the world and the income generated in these accounts.

Ms. Strauss, Mr. Goldberg, and Mr. Lee also announced a deferred prosecution agreement with the Swiss Life Entities ("the Agreement") under which they agreed to accept responsibility for their criminal conduct by stipulating to the accuracy of the Statement of Facts attached to the Agreement. The Agreement requires the Swiss Life Entities to refrain from all future criminal conduct, enhance remedial measures, and continue to cooperate fully with further investigations into hidden insurance policies and related policy investment accounts. Further, as part of today's resolution, the Swiss Life Entities agreed to pay approximately \$77.3 million to the U.S. Treasury, which includes restitution, forfeiture of all gross fees, and a penalty component.

If the Swiss Life Entities abide by all of the terms of the Agreement, the Government will defer prosecution on the Information for three years and then seek to dismiss the charge.

Manhattan U.S. Attorney Audrey Strauss said: "As they admit, Swiss Life and its subsidiaries sought out and offered their services to U.S. taxpayers to help them become U.S. tax evaders. The Swiss Life Entities offered private placement life insurance policies and related policy investment accounts to U.S. customers, and provided services that concealed the policies and other assets from the IRS. Indeed, the Swiss Life Entities saw U.S. authorities' stepped-up offshore tax enforcement as an opportunity to pitch themselves to

tax-evading U.S. customers as an alternative to Swiss banks. Under the terms of today's agreement, Swiss Life will turn over more than \$77 million and be required to continue to cooperate with the United States in identifying U.S. tax evaders."

Acting Deputy Assistant Attorney General Stuart M. Goldberg said: "Swiss Life today is held responsible for creating and marketing specially designed insurance products to U.S. tax evaders seeking a new way to hide their offshore assets, in light of heightened Justice Department and IRS tax enforcement efforts. Financial enablers here and abroad – and the taxpayers seeking their services – should know that we will continue to identify and unmask such schemes."

IRS-CI Chief James C. Lee said: "The successful resolution of this investigation is an important victory for the American taxpayer for two primary reasons. First, the recovery of more \$77 million owed to the U.S. government sends an unequivocal message that offshore evasion is still a high priority of IRS Criminal Investigation. Secondly, this agreement further requires Swiss Life Entities to continue to cooperate with the government and does not shield them from future civil or criminal sanctions, which should put every entity engaged in offshore evasion on notice."

According to documents filed today in Manhattan federal court:

Swiss Life Holding is the ultimate parent company of the Swiss Life group of companies ("Swiss Life"), a Switzerland-based provider of comprehensive life insurance and pension products for individuals and corporations, as well as asset management and financial planning services. From 2005 to 2014, Swiss Life through affiliated insurance carriers in Liechtenstein (Swiss Life Liechtenstein), Luxembourg (Swiss Life Luxembourg), and Singapore (Swiss Life Singapore) (collectively, the "PPLI Carriers") maintained approximately 1,608 Private Placement Life Insurance ("PPLI") policies. The PPLI Carriers' issuance and administration of those policies (colloquially known as "insurance wrappers") and the related investment accounts were often done in a manner to assist U.S. taxpayers in evading U.S. taxes and reporting requirements and concealing the ownership of offshore assets.

Moreover, beginning as early as the summer of 2008, the PPLI Carriers were aware that UBS and other Swiss banks were terminating or reevaluating their business relationships with U.S. clients in response to increasing offshore tax enforcement efforts by U.S. authorities. Certain management and sales personnel within the Swiss Life PPLI Business Unit viewed these developments as a business opportunity to expand the PPLI Business by onboarding U.S. clients who were fleeing UBS and other Swiss banks. Such clients with undeclared assets were typically referred within Swiss Life as "non-comprehensive advice seeking," which was frequently abbreviated to "NCAS." Because Swiss Life would be identified as the owner of the policy investment accounts, rather than the U.S. policyholder and/or ultimate beneficial owner of the assets, the insurance wrapper policies could be and were used by unscrupulous U.S. taxpayers to hide undeclared assets and income and to evade taxes. In turn, Swiss Life grew its PPLI business and earned fees on those policies. Members of management of the PPLI Business Unit knew about and authorized the onboarding of U.S. clients without regard to whether they were declared or undeclared.

Swiss Life engaged in other misconduct with respect to U.S.-related policies:

- U.S.-related PPLI Policies were funded or terminated through asset transfers from/to an account maintained by a third party associated with the policyholder, such as an offshore law firm or intermediary.
- Swiss Life PPLI personnel assisted U.S. taxpayers in establishing and maintaining Swiss Life PPLI policies in the name of a foreign relative with the effect of obscuring the U.S. nexus of the assets used to fund the policy or to repatriate the U.S. taxpayer's undeclared assets through a sham death payout.

- Certain U.S.-related PPLI Policies issued by Swiss Life Liechtenstein involved transfers of physical gold, other precious metals, or precious gemstones into or out of the policy investment account, presumably for the purpose of avoiding detection by U.S. authorities.
- The PPLI Carriers allowed policyholders to designate an authorized recipient – typically the policyholder’s asset manager or other foreign representative – to receive policy documents and custodian investment account statements, rather than having those documents sent directly to the policyholder.
- Certain Swiss Life Liechtenstein personnel promoted the use of Swiss Life products to turn U.S. taxpayers’ undeclared or so-called “black” money into so-called “white” money by parking the funds in a Swiss Life insurance policy until the clock had run on the perceived statute of limitations for tax offenses.
- Corporate premium bank accounts were also misused as a transitory account to help conceal the movement of U.S. clients’ funds.

Under today’s resolution, the Swiss Life Entities are required to continue to cooperate fully with ongoing investigations and affirmatively disclose any information they may later uncover regarding U.S.-related insurance policies and related policy investment accounts. The Swiss Life Entities are also required to disclose information consistent with the Department of Justice’s Swiss Bank Program relating to accounts closed between Jan. 1, 2008, and Dec. 31, 2019. The Agreement provides no protection from criminal or civil prosecution for any individuals.

Swiss Life Holding will pay a total of \$77,374,337, which has three parts. First, Swiss Life Holding has agreed to pay \$16,345,454 in restitution to the IRS, which represents the approximate unpaid taxes resulting from the Swiss Life Entities’ participation in the conspiracy. Second, Swiss Life Holding has agreed to forfeit \$35,782,375 to the United States, which represents the approximate gross fees (not profits) that the Swiss Life Entities earned on the penalized insurance policies and related policy investment accounts between 2005 and 2014. Finally, Swiss Life Holding has agreed to pay a penalty of \$25,246,508.

The penalty amount takes into consideration that Swiss Life conducted a robust internal investigation, supplied client-related data, facilitated the acquisition by the Justice Department of information relating to custodian banks, asset managers, and other entities and individuals related to Switzerland, Liechtenstein, and Singapore, and otherwise meaningfully assisted the Department’s cross-border tax enforcement efforts. In addition, Swiss Life conducted extensive outreach to current and former U.S. clients to confirm historical tax compliance, and to encourage disclosure to the IRS when policyholders’ historical tax compliance issues had not yet been resolved. Swiss Life further implemented remedial measures to protect against the use of its services for tax evasion in the future.

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Ms. Strauss and Mr. Goldberg praised the outstanding work of IRS-CI. Ms. Strauss also thanked the Department of Justice’s Tax Division for their partnership on this case.

This prosecution is being handled by the Complex Frauds and Cybercrime Unit of the United States Attorney’s Office for the Southern District of New York and the Department of Justice’s Tax Division. Assistant U.S. Attorneys Nicholas Folly and Olga I. Zverovich of the United States Attorney’s Office for the Southern District of New York and Senior Litigation Counsel Nanette Davis and Trial Attorney Jack Morgan of the Tax Division are in charge of the prosecution.

Attachment(s):

[Download Swiss Life deferred prosecution agreement and exhibits](#)

Topic(s):

Tax

Component(s):

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USAO - New York, Southern

Contact:

James Margolin, Nicholas Biase

(212) 637-2600

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