EXHIBIT C TO SWISS LIFE ENTITIES
DEFERRED PROSECUTION AGREEMENT

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the Deferred Prosecution Agreement between the United States Attorney's Office for the Southern District of New York and the Tax Division of the United States Department of Justice (collectively, the "Department"), and the Swiss Life Entities (as defined in the Deferred Prosecution Agreement). The Department and the Swiss Life Entities agree that this Statement of Facts is true and accurate.

I. Overview

A. Swiss Life

1. Swiss Life Holding AG 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. Swiss Life was founded in 1857 as an insurance cooperative providing insurance to Swiss-located businesses. It is Switzerland's oldest life insurance company and the leading provider of life insurance and pension products in the domestic Swiss market, its most important market. Swiss Life has over 9,000 employees and services more than four million customers. As of 2019, Swiss Life had approximately $300 billion in assets under control, the vast bulk of which were "tied" to customer policies and accounts. Swiss Life is registered and headquartered in Zurich and trades on the Swiss stock exchange SIX under the symbol "SLHN."

2. As described more fully below, during 2005-2014 (the "Applicable Period"), Swiss Life maintained a Private Placement Life Insurance ("PPLI") business that was operated through affiliated insurance carriers in Liechtenstein (Swiss Life (Liechtenstein) AG), Luxembourg (Swiss Life (Luxembourg) S.A.), and Singapore (Swiss Life (Singapore) Pte. Ltd.) (collectively, the "PPLI Carriers"), which issued and administered offshore PPLI policies and related offshore policy investment accounts for U.S. taxpayers that were not declared to the Internal Revenue Service ("IRS") as required.

3. The PPLI Carriers maintained an aggregate total of approximately 1,608 PPLI Policies held and/or beneficially owned by U.S. taxpayers ("U.S.-related PPLI Policies") during the Applicable Period. These policies in the aggregate had total premium contributions of approximately $1.452 billion. At the peak, in the fourth quarter of 2009, the PPLI Carriers collectively held some 1,261 U.S.-related PPLI Policies, which had at that point an aggregate assets-under-control value of approximately $907 million.

4. 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. Certain employees and managers of the PPLI Carriers, including some senior managers, knew or should have known that some of their U.S. clients

were using Swiss Life PPLI products expressly to evade their U.S. taxes. This was particularly true beginning in 2008, when sales personnel of the PPLI Carriers, in discussions with banks, asset managers, and other intermediaries who had undeclared U.S. clients and who were facing increased restrictions on opening and maintaining bank accounts for U.S. persons, pitched that the use of Swiss Life's PPLI policies could allow third parties to maintain their U.S. client business. Because such policies would be custodied and managed through a policy investment account held in the name of one of the PPLI Carriers as the identified owner of the assets, rather than in the name of the U.S. policyholder and/or ultimate beneficial owner of the assets used to fund the policy, the PPLI 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.

B. Swiss Life's PPLI Business

Swiss Life Launches a PPLI Business

5. In or about the beginning of 2005, Swiss Life launched a PPLI business, which focused on high net worth and ultra-high net worth clients with the establishment of an insurance carrier subsidiary in Liechtenstein — Swiss Life (Liechtenstein) AG ("Swiss Life Liechtenstein"). At or about the same time, Swiss Life also began offering PPLI products through its wholly owned Luxembourg insurance carrier — Swiss Life (Luxembourg) S.A. ("Swiss Life Luxembourg") — which had historically focused on corporate employee-benefit solutions and traditional life insurance.

6. Unlike ordinary life insurance, Swiss Life's PPLI products contain an investment component, which is typically managed by an external asset manager, and an insurance component, such as life insurance or an annuity benefit. The investment component of a PPLI policy, comprising the "premiums" or contributions to the policy, is held through an individual policy investment account custodied at a non-U.S. bank. The individual policy investment account was held in the name of one of the Swiss Life PPLI Carriers, rather than the ultimate beneficial owner of the policy. These products are sometimes referred to as "insurance wrappers" because the insurance component is "wrapped" around the investment component — *i.e.*, the policy investment account. These products can provide legitimate tax-deferral benefits but only when properly structured, funded with declared assets, *and* reported to the IRS to the extent required by relevant U.S. tax regulations, which in some instances they were not.

7. In 2007, Swiss Life expanded its PPLI business through the acquisition of CapitalLeben Versicherung AG, a Liechtenstein insurance carrier, and its existing book of business. The book of business included approximately 1,000 U.S.-related PPLI Policies, with assets under control of approximately $220 million. The majority of these U.S.-related PPLI Policies were smaller in size, with less than $100,000 each in total premium contributions. The CapitalLeben business was integrated into Swiss Life Liechtenstein by in or about the beginning of 2008.

8. Swiss Life further expanded its PPLI business in 2008 through Swiss Life Liechtenstein's establishment of a branch in Singapore, which was transitioned to an independent insurance carrier in 2009 — Swiss Life (Singapore) Pte. Ltd. ("Swiss Life

Singapore").[1] Each of the Swiss Life PPLI Carriers had its own board of directors, management, and sales and other personnel. Collectively, the Swiss Life PPLI Carriers formed a business unit that was led by the senior leadership of Swiss Life Liechtenstein along with the heads of the Singapore and Luxembourg PPLI Carriers (the "PPLI Business Unit").

The PPLI Business Model

9. Swiss Life's PPLI business was fundamentally a business-to-business, or so-called "B2B," model. Swiss Life's PPLI Carriers generally did not sell PPLI products directly to policyholder clients, but rather worked through intermediaries like banks, external asset managers, and family offices that maintained relationships with the actual or potential policyholder clients, including U.S. clients. The intermediary-client relationships often predated the acquisition of a Swiss Life PPLI policy, for example where a client's assets had been held and managed at a Swiss bank for many years prior to the purchase of a Swiss Life PPLI policy. In some cases, sales personnel from Swiss Life's PPLI Carriers had limited or even no contact with a prospective policyholder, while in other cases PPLI sales personnel would join an intermediary to meet with the prospective policyholder, including to explain the benefits and features of Swiss Life's PPLI policies.

10. Potential intermediary partners approached a Swiss Life PPLI Carrier to inquire generally about PPLI products or specifically with regard to clients they believed might be interested in Swiss Life's PPLI products, and PPLI Carriers also approached potential partners to inquire if they had existing clients who were prospects or otherwise might be interested in promoting Swiss Life's PPLI products to potential clients. Sometimes sales personnel from Swiss Life's PPLI Carriers would also have their own leads or receive referrals that did not involve a potential client with a pre-existing intermediary relationship.

Products Offered by Swiss Life's PPLI Carriers

11. Although the PPLI business was not established as a U.S.-focused business, Swiss Life's PPLI Carriers and various intermediaries sought to sell PPLI products to U.S. clients. In this regard, in or about 2006, Swiss Life Liechtenstein engaged a large, reputable U.S.-based international law firm to help develop a number of U.S. tax-compliant PPLI products.

12. Swiss Life Liechtenstein and Swiss Life Singapore offered three types of PPLI products that were designed to qualify for favorable tax treatment in the United States, as explained in greater detail below. Both carriers offered a Frozen Cash Value ("FCV") product and a Deferred Variable Annity ("DVA") product. Swiss Life Liechtenstein also offered a Variable Universal Life ("VUL") product. These three types of products were similar in some

[1] In 2008, Swiss Life Liechtenstein also established a representative office in Dubai through a subsidiary — Swiss Life Private Placement (Middle East) Limited — which promoted and sold PPLI products from the three PPLI Carriers until the office was closed in 2012. During the Applicable Period, the Dubai representative office was involved in originating one U.S-related PPLI Policy that was booked with Swiss Life Singapore.

respects, but also had certain structural differences that made one or another more appropriate for certain wealth- or succession-planning scenarios. Swiss Life Luxembourg did not offer any U.S. tax-compliant PPLI products. PPLI sales personnel at Swiss Life Liechtenstein, Swiss Life Singapore, and Swiss Life Luxembourg were permitted to cross-sell PPLI products offered by the other PPLI Carriers.

13. These FCV, DVA, and VUL products were considered "U.S. tax-compliant" as they were designed and structured to meet the diversification and other requirements to qualify for favorable tax treatment applicable to certain insurance and annuity products under Sections 7702, 817 and 72 of the U.S. Internal Revenue Code (the "Code"), as well as the investor control doctrine.[2] As such, when properly used, these products could provide legitimate tax deferral for as long as a policy was in force, and any taxable income was limited to amounts withdrawn from a policy in excess of the premiums paid. Swiss Life's U.S. tax-compliant PPLI products were marketed to — and in many instances used by — U.S. persons for legitimate wealth- and succession-planning purposes, and non-U.S. persons for such purposes, including (i) when planning to relocate to the United States on either a temporary or permanent basis in a tax-efficient way, or (ii) for succession planning purposes in cases where foreign families had children or other future beneficiaries who had become U.S. persons.

14. Although the FCV, DVA, and VUL products were designed by the PPLI Carriers to have a tax-compliant structure, they were sometimes marketed to and funded by U.S. clients with undeclared assets, and certain U.S. clients failed to timely report their Swiss Life PPLI policies on FBARs and/or Forms 8938, as required.

15. Swiss Life also offered other PPLI products that were not designed or structured to satisfy the applicable requirements of the Code and the investor control doctrine. These included the Life Asset Portfolio ("LAP") Universal product offered by Swiss Life Liechtenstein and the LAP Asia product offered by Swiss Life Singapore, which, as described more fully below, were sometimes marketed and sold to U.S. persons with undeclared assets. Because these LAP products were not designed to be U.S. tax compliant, they did not provide legitimate tax deferral benefits when held by a U.S. person.

16. Each PPLI policy required the opening of an individual policy investment account at a bank. Each such account was titled in the name of the Swiss Life PPLI Carrier issuing the respective PPLI policy, but the assets used to fund the policy (*i.e.*, the "premium" payment or

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[2] In general, an insurance company issuing a variable life insurance or annuity contract such as the Swiss Life DVA, VUL and FCV products, not the policyholder, is considered the owner of the assets in the separate policy investment account for U.S. federal income tax purposes. However, under the "investor control doctrine," the underlying PPLI policyholder will be treated as the tax owner of the assets in the policy investment account if the policyholder exercises "significant control" over the underlying assets, even if the insurance company retains possession of, and legal title to, those assets. The "diversification" rules, subject to specific guidelines for certain types of assets, require that the assets held in the separate policy investment account are not overly concentrated in a limited set of assets.

contribution) were transferred from one or more accounts beneficially owned by the policyholder or underlying beneficial owner of the policy.

17. The assets in each PPLI policy investment account, while titled in the name of the PPLI Carrier, were managed by an external asset manager for the benefit of the policyholder, through powers of investment that were given by the PPLI Carriers to the external asset manager. The policyholder could request a specific asset manager be appointed, and often had a pre-existing relationship with the asset manager, which also served as the intermediary for issuance of the policy. The custodian bank holding the policy investment account could also be appointed to serve as the external asset manager for a PPLI policy.

18. The fees associated with the issuance and ongoing maintenance of a Swiss Life PPLI policy were the "establishment" fee and the "administration" fee. The establishment fee was an upfront charge, based on a contractually determined percentage of the initial policy premium (and any subsequent premium contribution), and generally ranged from 1-3% of premium contributions (although the fee could be higher or lower for a particular policy). The administration fee was an ongoing fee paid on a quarterly or other periodic basis to Swiss Life, based on a contractually determined percentage of the policy's assets-under-control value, and generally ranged from 0.5-1.5% of the policy's assets-under-control value (although this fee also could be higher or lower for a particular policy). Consistent with the B2B model, the establishment and administration fees were (i) typically shared between the Swiss Life PPLI Carrier and the third-party intermediary involved in originating a policy based on a pre-determined split, and (ii) often set by intermediaries involved in policy origination subject to certain minimum guidelines for Swiss Life's share of these fees set by the PPLI Carriers.

II. U.S. INCOME TAX & REPORTING OBLIGATIONS

19. U.S. taxpayers who have income (including interest, dividends or capital gains) in any given calendar year in excess of a threshold amount are required to file a U.S. Individual Income Tax Return, Form 1040 ("tax return"), for that calendar year with the IRS by April 15 of the following year. On that tax return, U.S. taxpayers must report their worldwide income, including all income earned from foreign bank accounts, and U.S. taxpayers are required to pay the taxes due on that income to the IRS. Since tax year 1976, U.S. citizens and resident aliens have had an obligation to report to the IRS whether they had a financial interest in, or signature authority over, a financial account in a foreign country in a particular year on Schedule B of their tax return by checking "Yes" or "No" in the appropriate box and identifying the country where the account was maintained.

20. Since 1970, U.S. citizens, resident aliens, and legal permanent residents that have a financial interest in, or signatory 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 U.S. Department of Treasury a Report of Foreign Bank and Financial Accounts, FinCEN Form 114 (formerly known as "Form TD F 90-22.2"), commonly referred to as an "FBAR." In 2010, the Department of Treasury clarified, by regulation, the requirement that persons subject to U.S. income taxation were required to disclose, on an FBAR, their financial interests held in foreign insurance policies with cash surrender value. During the

Applicable Period, an FBAR for a particular tax year was required to be filed on or before June 30 of the following year.

21. For all tax years since 2011, U.S. citizens, resident aliens, and legal permanent residents who held foreign financial and certain other foreign assets ("Reportable Foreign Assets") in excess of $50,000 at the end of the relevant tax year (or $75,000 at any point during the tax year) were required to file a Form 8938 disclosing such assets, including the account number and financial institution where the assets were held. Reportable Foreign Assets include foreign life insurance policies or annuities with cash surrender value. U.S. taxpayers residing abroad and paying taxes in a foreign jurisdiction are still required to file a Form 8938 but the reportable foreign assets thresholds are higher. As a general matter, a Form 8938 is filed with a taxpayer's Form 1040 tax return.

22. In addition, U.S. citizens, resident aliens, and legal permanent residents are required to pay a one-time 1% excise tax on the contributions to a foreign insurance policy, including those PPLI policies sold by Swiss Life's PPLI Carriers. Since at least 1967, U.S. persons have been required to report contributions to a foreign insurance policy and their payment of the excise tax associated with those contributions on a Form 720.

23. An IRS Form W-9, Request for Taxpayer Identification Number and Certification, is used by a U.S. person to provide a correct Taxpayer Identification Number to a financial institution that is required to report to the IRS all interest, dividends, and other earned income.

24. An "undeclared policy" was a policy held or beneficially owned by an individual subject to U.S. taxation and maintained in a foreign country that had not been reported by the individual holder or beneficial owner to the U.S. government on an income tax return or other applicable form, such as an FBAR, Form 8938, or Form 720, as required.

25. Swiss Life's PPLI Carriers were aware that U.S. taxpayers had a legal duty to report assets and income to the IRS, and to pay taxes on the basis of all their income, as described above. The PPLI Carriers also understood that U.S. taxpayers could not avoid such obligations by investing undeclared assets and income in a PPLI policy, and, as described in greater detail below, knew or should have known that some clients intended to use the PPLI policies for precisely that purpose. Prior to the IRS's clarification in 2010 of the FBAR reporting requirements applicable to foreign insurance policies, the PPLI Carriers' understanding was that U.S. persons did not have to report their holding of a Swiss Life PPLI policy on an FBAR. The PPLI Carriers also believed that, when their U.S.-tax-compliant PPLI products were properly used by a U.S. person, there would be no income tax liability until the amount withdrawn from a policy exceeded the total premium contributions. However, the PPLI Carriers also understood that when a U.S. person acquired a policy involving a non-U.S.-tax-compliant PPLI product, such as the LAP Universal or LAP Asia products, there could be ongoing tax liability arising from gains realized from trading or other investment activity in the policy investment account.

III. THE OFFENSE CONDUCT

26. During the Applicable Period, certain sales personnel of the PPLI Carriers marketed and sold PPLI policies to some U.S. persons under circumstances in which the PPLI Carriers knew, or should have known, that such U.S. persons were using the PPLI products for the purpose of concealing offshore assets and income from U.S. authorities and evading their U.S. tax obligations. The pursuit of prospective U.S. policyholders with undeclared assets was known to, and authorized by, members of management of the PPLI Business Unit, at least through the fall of 2009. As described more fully below, from the fall of 2009 through the end of 2011, the PPLI Carriers marketed and sold a number of PPLI policies to U.S. persons who funded such policies with undeclared assets.

A. Beginning in 2008, Certain Personnel Within the PPLI Business Unit Viewed U.S. Clients Leaving Swiss Banks as a Business Opportunity

27. In or about 2008, Swiss bank UBS AG ("UBS") publicly announced that it was the target of a criminal investigation by the IRS and the 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 concealed from the IRS. Since the UBS investigation became public, several other Swiss banks publicly announced that they were or are the targets of similar criminal investigations and that they would likewise be exiting and not accepting certain U.S. clients. These cases have been monitored by Swiss Life and the PPLI Business Unit since at least July of 2008.

28. Specifically, Swiss Life's PPLI Business Unit was aware that, beginning at least as early as the summer of 2008, UBS and other Swiss banks began 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, at least in 2008 and 2009, viewed these developments in the Swiss financial marketplace as a business opportunity to expand the PPLI Business through the onboarding of U.S. clients leaving UBS and other Swiss banks. For example, in July 2008, minutes from a Swiss Life Luxembourg management meeting describe "US Citizens" as a "new market niche," but caution that the "[t]he challenge for Swiss Life will be to identify depot [*sic*] banks accepting this sort of depot [*sic*] accounts (owner SLL, ultimate beneficial owner US clients)."

29. During the Applicable Period, sales personnel within the Swiss Life PPLI Carriers did, in fact, pursue this "business opportunity," meeting with numerous asset managers and bank representatives who had existing U.S. clients. Some of these potential U.S. clients were looking to open Swiss Life PPLI policies with declared assets, which were typically referred to as U.S. "CAS" — short for "comprehensive advice seeking" clients. For instance, in one February 2009 PPLI sales activity report, a Swiss Life Liechtenstein PPLI salesperson recorded a meeting with an employee of Swiss Bank-1 regarding "two American endlients [*sic*] CAS." In another sales activity report, a Swiss Life Liechtenstein PPLI salesperson recounted a meeting with an employee of Swiss Bank-2 looking to serve as an intermediary for certain U.S. clients in which the bank employee and PPLI salesperson discussed "how CAS [declared] U.S. persons can be

handled." And in yet another activity report, a different Swiss Life Liechtenstein PPLI salesperson recorded a meeting with a representative of Swiss External Asset Manager-1 who was "taking care of US-CAS only," and for whom the asset manager thought Swiss Life's PPLI "offering could be very interesting."

30. Increasingly, however, in 2008 and 2009, certain PPLI sales personnel pursued banks, asset managers, and other intermediaries who had U.S. clients seeking to open Swiss Life PPLI policies with assets that such sales personnel knew were undeclared, often because the clients were concerned about their existing offshore bank accounts or structures given increasing cross-border tax enforcement efforts by U.S. authorities or were being forced to leave by their existing offshore banks. In doing so, U.S. clients with undeclared assets were typically referred to as U.S. "NCAS" — short for "non-comprehensive advice seeking" clients. By way of example:

- A November 2008 activity report for one Swiss Life Liechtenstein salesperson recorded a meeting with representatives of Swiss External Asset Manager-2 who were "looking for a solution for their US-NCAS clients which are booked @ [Swiss Bank-3] and are forced to find a new bank [by] year end."

- In another activity report from October 2008, a different Swiss Life Liechtenstein PPLI salesperson recorded meetings with two representatives of Swiss External Asset Manager-3 with "U.S.-NCAS" clients, who were "especially searching for a solution for a US client who needs a new bank as he is presently at [Swiss Bank-3]."

- In a sales activity report the following month, a Swiss Life Liechtenstein PPLI salesperson recorded receiving a phone call from an employee of Swiss Bank-4, inquiring "about solutions for US persons (NCAS)." The PPLI salesperson told the employee that "on the phone [he] will only discuss the concept of PPLI and that solutions for the respective clients can only be discussed personally."

31. Members of management of the PPLI Business Unit knew about and authorized this conduct without regard to whether the U.S. clients were declared or undeclared. For example, in July 2008, a PPLI sales supervisor sent an email to senior sales personnel from the PPLI Business Unit in response to the recent announcement of the U.S. government's investigation of UBS, stating, "We do continue to promote our solutions for U.S. clients . . . ." A few weeks later in August 2008, the same PPLI sales supervisor relayed to senior sales personnel that a competitor, Liechtenstein Insurance Provider-1, had stopped doing business with U.S. clients and noted, "This is obviously an opportunity for us." And in a November 25, 2008 email, when a Swiss Life Liechtenstein salesperson asked whether Swiss Life Liechtenstein still accepted U.S. NCAS clients, the same sales supervisor responded that Swiss Life Liechtenstein accepts such clients "as long as we find a custodian bank."

32. The circumstances surrounding two related Swiss Life Liechtenstein PPLI policies that were opened by two Latin American business partners — one of whom was a U.S. national and the other was a dual citizen of the United States and their Latin American country of residence — around this time illustrate the pursuit of undeclared U.S. clients exiting their existing offshore bank accounts. The funds used for the initial premiums for both policies

originated from offshore accounts held at Swiss Bank-5, Swiss Bank-6, and Liechtenstein Bank-1, which were held in the name of Panamanian foundations and/or Panamanian companies beneficially owned by the U.S. taxpayers. When opening the policies in the summer of 2009, one of the two U.S. taxpayers — who frequently communicated with Swiss Life Liechtenstein personnel on both taxpayers' behalf — expressed urgency in transferring the funds out of their existing offshore accounts at Swiss Bank-5, Swiss Bank-6, and Liechtenstein Bank-1, as the banks were re-examining their relationships with U.S. clients. In an email from August 2009, he wrote, "I need to move my funds and if you can't accept them I'll move them elsewhere." In addition, both taxpayers communicated with Swiss Life Liechtenstein personnel using pseudonym email accounts. Notwithstanding these red flags, Swiss Life Liechtenstein sales personnel proceeded to open the policies.

33. Similar red flags were raised in connection with the termination of these policies. In December 2012, one of the U.S. taxpayers wrote to a Swiss Life Liechtenstein salesperson from their pseudonym email account, relaying that it was "important I speak to you about the recent changes to the dates now implementing [the Foreign Account Tax Compliance Act]." When he had not received a response two days later, the U.S. taxpayer wrote a second email with the new subject line, "[Name of PPLI Salesperson] WHERE ARE YOU" (capitals in original) and asked, "why can't we reach you. Do you still work for Swiss Life?" Both policies were terminated prior to the ultimate effective date of the Foreign Account Tax Compliance Act ("FATCA"), with the funds being transferred to accounts held at Swiss Bank-6 and Swiss Bank-7 that were beneficially owned by the U.S. taxpayers. Swiss Life Liechtenstein has not been able to confirm the historical tax-compliance status of these two policies.

34. In addition, in some sales meetings with intermediaries and clients during this period, certain sales personnel within the Swiss Life PPLI Carriers promoted the non-U.S.-tax-compliant LAP Universal and LAP Asia products for use by U.S. clients with undeclared assets. These products offered no legitimate U.S. tax-deferral benefits, but cost less than the U.S. tax-compliant PPLI products and also were not subject to the same investor control and diversification restrictions. As a result, they were often attractive to intermediaries with U.S. clients who sought to maintain undeclared assets offshore. For example:

- A November 2008 sales activity report recorded a meeting between a Swiss Life Liechtenstein PPLI salesperson and an employee of Swiss Bank-8 who reported that the bank had "quite a few US-NCAS which they would like to cover with a LAP."

- A September 2008 sales activity report recorded a meeting between a Swiss Liechtenstein PPLI salesperson and Swiss External Asset Manager-1 in which they discussed opening a Swiss Life LAP policy for the asset manager's "NCAS US-client EUR 2 Mio." The sales activity report also observed that Swiss External Asset Manager-1 "has plenty of NCAS-US and wants to work with us." In early October 2008, the same salesperson met with a representative of Swiss Bank-9 with a "US-NCAS (CHF 5 Mio.)" client and discussed opening an LAP Asia policy by "year end."

- In yet another instance, in December 2008, a Swiss Life Liechtenstein PPLI salesperson reported having a meeting with Swiss External Asset Manager-4 who had undeclared U.S. clients. In that meeting, the PPLI salesperson explained to the asset manager that he "could cover NCAS-money with an LAP Uni[versal]" policy.

35. During the Applicable Period, a total of at least 34 LAP policies with approximately $59 million in total contributions, were issued to U.S. persons in circumstances as described above. Of these policies, at least nine — reflecting approximately $24 million in total contributions — were disclosed to the IRS as part of the beneficial owners' participation in the IRS's Offshore Voluntary Disclosure Program ("OVDP"), indicating the beneficial owners' historical non-compliance with their U.S. tax obligations with respect to their Swiss Life policies. Of the remaining 25 policies, the PPLI Carriers have been able to confirm reporting to the IRS in 2010 or later for eight policies, reflecting approximately $12 million in total contributions, and have been unable to confirm historical tax compliance or participation in OVDP for the remaining 17 policies (reflecting the remaining approximately $23 million in total contributions).

36. Swiss Life's PPLI Carriers custodied assets for U.S. clients at more than 45 banks in Switzerland (including a number of Category 1 banks and Category 2 banks from the Department of Justice's Swiss Bank Program) and banks in Austria, Belgium, Channel Islands, Germany, Gibraltar, Liechtenstein, Luxembourg, Malta, Monaco, Singapore, Sweden, and the United Kingdom. In particular, certain Swiss banks, namely, Swiss Bank-5, Swiss Bank-10, and Swiss Bank-11 each maintained more than 100 policy investment accounts for Swiss Life PPLI policies held and/or beneficially owned by U.S. clients of the PPLI Carriers. When Swiss Bank-12 encountered financial difficulties in or about 2008, Swiss Bank-5 acquired some 78 policy investment accounts for U.S. clients of Swiss Life Liechtenstein that had originally been custodied at Swiss Bank-12. Swiss Life also custodied assets at a precious-metals company in the Bailiwick of Jersey for a U.S. client.

B. Certain Sales Personnel Within the Swiss Life PPLI Business Unit Promoted the Use of Swiss Life's PPLI Products as a Means of Turning So-Called "Black" Money "White"

37. During the first seven months of 2009, certain Swiss Life Liechtenstein sales personnel promoted a specific use of Swiss Life Liechtenstein's U.S. tax-compliant PPLI products to a number of Swiss banks that had undeclared U.S. clients who might be interested in continuing to keep their assets undeclared and offshore notwithstanding the U.S. government's increased cross-border tax enforcement efforts. Pursuant to the approach, a U.S. taxpayer with undeclared assets held in a Swiss bank account (and documented at the bank as beneficially owned by the U.S. taxpayer) would transfer the undeclared assets into a PPLI policy using one of the U.S. tax-compliant PPLI products offered by Swiss Life's PPLI Carriers. In doing so, the U.S. taxpayer's undeclared assets would be custodied in a policy investment account held at the same (or, if preferred, a different) Swiss bank in the name of the Swiss Life PPLI Carrier instead of the name of the U.S. taxpayer/beneficial owner. The U.S. taxpayer would then keep the PPLI policy in force until after the perceived expiration of the statute of limitations for criminal tax liability under U.S. law.

38. Because the insurance policy involved a U.S. tax-compliant PPLI product, the tax on any income earned in the policy investment account would be deferred until withdrawn from

the policy, and so — it was believed — there would be no income-tax reporting obligation while the policy was in effect. Nor would the PPLI policy have to be reported on an FBAR pursuant to the PPLI Carriers' then view that the FBAR reporting requirements did not apply to Swiss Life's PPLI policies. Once the perceived statute of limitations had run, the assets in the PPLI policy — including any income earned — could be withdrawn from the policy on the belief that such assets would be free from further criminal legal challenge by U.S. authorities. In the words of the approach promoted by certain Swiss Life Liechtenstein PPLI sales personnel, the undeclared or so-called "black" money would have become legitimized or so-called "white" money.

39. In the summer of 2009, senior management of the PPLI Business Unit was informed that this approach had been promoted by certain sales personnel to as many as six different Swiss banks. In response, the PPLI Business Unit issued a warning to all PPLI sales personnel that such conduct violated company policies, and required sales personnel to declare in writing that they would not promote Swiss Life's PPLI products in this manner. The PPLI Business Unit also terminated one Swiss Life Liechtenstein salesperson suspected of having improperly promoted this approach. In addition, by in or about September 2009, the PPLI Business Unit replaced the existing tax disclaimer in the application forms for its U.S.-compliant PPLI products with what was viewed as a much more robust tax-compliance declaration. Supervisory personnel at each of the PPLI Carriers instructed PPLI sales personnel that the new declaration was required for issuance of a new U.S.-related PPLI Policy and they should expressly bring the requirement to the attention of potential U.S. policyholders and their intermediaries. The PPLI Business Unit's view was that, if the prospective U.S. policyholder could credibly provide the declaration when opening a PPLI policy, then the Swiss Life PPLI Carriers could not be responsible for assisting tax evasion.

40. Thereafter, some PPLI salespersons sought to strictly adhere to the new declaration requirements and avoided opening policies when they thought that the declaration was falsely given. Indeed, in a number of instances the declaration requirement resulted in prospective U.S. policyholders opting to pursue disclosure through OVDP instead of opening a PPLI policy. However, other sales personnel continued to open U.S.-related PPLI Policies under circumstances in which they knew, or consciously avoided knowing, that the tax compliance declaration provided by the U.S. policyholder was likely false, for example, by avoiding discussions with intermediaries or clients that might have raised questions about the credibility of the declaration being provided.

C. Swiss Life Singapore's Referral Relationship with Singapore Trust Company-1

41. In or around April 2009, Swiss Life Singapore formed a referral relationship with a Singapore-based trust company ("Singapore Trust Company-1") that introduced or was otherwise involved in 24 U.S.-related PPLI Policies issued by Swiss Life Singapore, including the two largest U.S.-related PPLI Policies issued by Swiss Life Singapore — two FCV policies funded by contributions totaling approximately $204 million.

42. As to 22 of those 24 PPLI policies, Singapore Trust Company-1 used a particular trust structure strategy that was intended to obscure a U.S. beneficial owner's connections to the policy. First, Singapore Trust Company-1 formed an offshore company to acquire a Swiss Life

Singapore PPLI policy and to serve as the policyholder of the policy (the "Policyholder Company"). Second, the Policyholder Company was placed inside of an offshore "purpose trust," whose sole purpose was to acquire and hold the shares of the Policyholder Company. The jurisdiction for the purpose trust was typically St. Kitts & Nevis; the Policyholder Company was typically a St. Kitts & Nevis "limited company" ("LC") or a Brunei corporation.

43. In connection with the purpose trust structure strategy, three additional corporate entities related to Singapore Trust Company-1 also played a role ("St. Kitts & Nevis LC-1," "Anguilla LC-1," and "Anguilla LC-2"). St. Kitts & Nevis LC-1 served as the trustee of the purpose trust, as well as the nominee shareholder of the Policyholder Company, which was intended to provide an added layer of confidentiality. Anguilla LC-1 served as the sole shareholder of St. Kitts & Nevis LC-1 and Anguilla LC-2 served as the director and authorized signatory of the Policyholder Company. Individuals at Singapore Trust Company-1 or one of its affiliates served as the individual directors of the Policyholder Company, St. Kitts & Nevis LC-1, Anguilla LC-1, and Anguilla LC-2. The following additional features of the "purpose trust" structure developed by Singapore Trust Company-1 were designed to further obscure the U.S. beneficial owner of the PPLI policy:

- To fund the policy, the U.S. beneficial owner did not make a direct payment of the policy premiums from the purpose trust structure into the policy investment account held by Swiss Life Singapore at the designated custodian bank; rather, the premium payments were to be made through one or more intermediate accounts held by Singapore Trust Company-1 and/or Swiss Life Singapore, which avoided reporting obligations that would have applied had the U.S. person contributed the money to the offshore Policyholder Company or the foreign purpose trust;

- Any partial surrender payments from the policy were to be made to the Policyholder Company and then distributed to the U.S. beneficial owner as a "long-term loan" from the Policyholder Company to the U.S. beneficial owner, which was not expected to be repaid; and

- The costs involved in setting up and administering the purpose trust structure were not to be paid by the U.S. client directly to Singapore Trust Company-1 or its affiliated companies but were recouped by Singapore Trust Company-1 through the share of the establishment fee and ongoing administration fees that it received in connection with the policy, which enabled the U.S. ultimate beneficial owner to avoid making periodic payments to Singapore Trust Company-1 or its affiliated companies that would have revealed their ownership and control of the PPLI policy.

44. In an email to Swiss Life Singapore personnel in early July 2009, Singapore Trust Company-1 summarized the "problem" that the purpose trust structure was designed to address: the U.S. client, who was attempting to remain undeclared, could not be linked to the Swiss Life Singapore PPLI policy that the U.S. client was acquiring, including through either an offshore trust (as its settlor or beneficiary) or an offshore corporation (as the shareholder), as this would trigger reporting obligations. Singapore Trust Company-1 explained that a "purpose trust" could address this issue and enable the U.S. person to remain undeclared, as they were not on paper

associated with the Policyholder Company or the purpose trust holding their Swiss Life PPLI policy that was funded with undeclared assets.

45. In certain instances, on instructions from authorized representatives of Singapore Trust Company-1, Swiss Life Singapore made policy surrender payments for the benefit of the U.S. beneficial owner of the PPLI policy through a bank account in the name of one of Singapore Trust Company-1's affiliated companies, typically St. Kitts & Nevis LC-1, which added a layer of concealment.

46. The U.S. beneficial owners of 12 of the 24 policies participated in OVDP, demonstrating historical non-compliance with their U.S. tax-related obligations with respect to their Swiss Life Singapore PPLI policies. For the remaining 12 policies, Swiss Life has been unable to confirm the U.S. beneficial owner's historical U.S. tax compliance or participation in OVDP during the course of its internal investigation. Nine of these remaining 12 policies were fully surrendered within six months of the FATCA-implementation deadline of June 30, 2014, likely indicating an effort by the policies' beneficial owners to avoid reporting of their policies to the IRS pursuant to FATCA.

D. Swiss Life Liechtenstein and Swiss Life Singapore's Use of Corporate Premium Accounts that Obscured Payments from U.S. Clients

47. Swiss Life Liechtenstein and Swiss Life Singapore maintained so-called corporate "premium accounts" at Liechtenstein Bank-1 and Swiss Bank-5, respectively. This type of corporate account could be and was used by Swiss Life Liechtenstein and Swiss Life Singapore for legitimate purposes, such as to collect and temporarily hold not-yet-invested PPLI policy premiums when a policy investment account had not yet been opened, or as a means of accumulating assets to be invested into a policy when such assets were held in disparate accounts or required more than the usual time to transfer. However, in a number of instances involving U.S.-related PPLI Policies issued during the Applicable Period, these premium accounts were used to obscure the U.S. beneficial ownership of the policy assets and/or to allow the custodian bank to take on or retain the U.S. client at a time when the bank was otherwise imposing restrictions on new and/or existing U.S. business.

48. For example, a Swiss Life Liechtenstein PPLI policy was opened by a U.S. taxpayer in late 2010. Previously, the beneficial owner's assets were held in accounts managed by Swiss Bank-13 and Swiss Bank-14 in the name of a Panamanian foundation beneficially owned by the U.S. person. Upon issuance of the policy, the same two Swiss banks acted as the custodian banks and asset managers for the policy investment accounts. The initial contributions of approximately $20 million were first transferred to Swiss Life Liechtenstein's premium account at Liechtenstein Bank-1 and were then sent directly back to policy investment accounts opened at Swiss Bank-13 and Swiss Bank-14 (the banks from which the funds originated) — despite the fact that the policy investment accounts were already open at the time the funds were transferred to Swiss Life Liechtenstein's premium account. As there was no need to use the premium account, it appears that these payment flows were used to help conceal the U.S. taxpayer's beneficial ownership of the policy, allowing the two banks to continue to keep the policyholder's assets under management. The estate of the beneficial owner of this policy entered OVDP in 2013.

49. The corporate premium account maintained by Swiss Life Singapore was initially opened in connection with the issuance of the two large Swiss Life Singapore FCV policies described above at Paragraph 41. These policies were introduced to Swiss Life Singapore by a Swiss-based business partner (Swiss Trust Company-1) of Singapore Trust Company-1. Consistent with the purpose trust structure used by Singapore Trust Company-1 as discussed above at Paragraphs 41-45, the policies were acquired by separate St. Kitts & Nevis limited companies, which were owned by a St. Kitts & Nevis purpose trust. The purpose trust was beneficially owned by a U.S. taxpayer who had long maintained undeclared assets offshore at Swiss Bank-5 through an account held in the name of an Isle of Man entity of which he was the beneficial owner. Singapore Trust Company-1 was involved in the set up and management of the structures holding the two policies, and a principal of Singapore Trust Company-1 served as the legal representative for both policies. For one policy, the U.S. taxpayer was the insured person and his spouse was the first beneficiary; for the other policy, the insured person was the wife of the U.S. taxpayer who, in turn, was the first beneficiary.

50. In or around September 2009, Swiss Life Singapore's head of sales met with a representative of Swiss Trust Company-1 and the U.S. client's long-time banker from Swiss Bank-5 to discuss the clients' needs and Swiss Life Singapore's PPLI products. Thereafter, in November 2009, the U.S. taxpayer owner established the two Singapore FCV policies with initial contributions of approximately $119 million.

51. Both of the policies were funded in a manner intended to help conceal the identity of the U.S. beneficial owner, consistent with the strategy of holding the policies in the purpose trust structure developed by Singapore Trust Company-1. The funds for the initial premiums for both policies:

- Originated from an account at Swiss Bank-5 held by an Isle of Man structure that was beneficially owned by the U.S. client;

- Were first transferred to an account held by Singapore Trust Company-1 at Singapore Bank-1;

- Were then transferred to Swiss Life Singapore's premium account, which was opened at Swiss Bank-5 from which the policy assets originated; and

- Were then transferred into the individual policy investment accounts that were also maintained at Swiss Bank-5, effectuating what was essentially a round-trip of the funds.

The policy investment accounts had already been opened at Swiss Bank-5 three weeks prior to the transfer of the initial premium assets using Swiss Life Singapore's premium account; thus, the transfers could have been made directly into the policy investment accounts at Swiss Bank-5. Two additional premium contributions from an account in the name of a Panamanian company held at Swiss Bank-13, which was beneficially owned by the same U.S. taxpayer and funded from his original undeclared account at Swiss Bank-5, were also transferred via Swiss Life Singapore's premium account at Swiss Bank-5. In or about December 2012, a final contribution was transferred from European Bank-1 to a new, additional policy investment account that had been opened at or about the end of October 2012 at Swiss Bank-13.

52. In addition to helping conceal the identity of the U.S. beneficial owner of the two FCV policies, this funding structure also permitted Swiss Bank-5 to maintain the policy investment account and related assets that had been managed by the bank for many years at a time when the bank was reevaluating its business with U.S. clients. In a November 9, 2009 email, Swiss Bank-5 informed Swiss Life Singapore that it had "received today the funds back," acknowledging that the assets custodied at the bank in the policy investment accounts had also originated from the bank.

E. Other PPLI Business Unit Conduct

53. In addition to the foregoing conduct, during the Applicable Period, certain sales personnel within the Swiss Life PPLI Business Unit engaged in other conduct in connection with opening or administering U.S.-related PPLI Policies under circumstances in which those sales personnel either knew or should have known that their conduct was assisting U.S. clients in using their Swiss Life PPLI policies to conceal offshore assets and income from U.S. authorities and evade their U.S. tax-related obligations. For example:

- In certain cases, 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. For example, the assets used to fund one policy established in November 2009 originated from bonus payments that the U.S. policyholder had accumulated in Swiss Bank-14. Before the funds were transferred to the policy investment account at Swiss Bank-15, they were first transferred to an account in the name of the policyholder's Swiss law firm at Swiss Bank-16. Two partial surrender payments and the full surrender payment from the policy were made to the account of the same Swiss law firm at Swiss Bank-16. The policyholder subsequently participated in OVDP.

- In certain cases, 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. In one such instance, a Swiss Life Liechtenstein LAP policy was purchased in March 2009 in the name of an elderly foreign man — who was also listed as the insured person and beneficial owner of the policy. The policy was funded by a single-premium contribution of just under $900,000 from an account held in the name of a Liechtenstein foundation at Swiss Bank-6. As the beneficiary of the policy, which was custodied at Swiss Bank-17, the policy listed the U.S. child of a close U.S. relative of the foreign man. The policy application materials strongly suggested that the Liechtenstein foundation that funded the policy was beneficially owned by the U.S. relative of the elderly foreign man. Notwithstanding these red flags, Swiss Life Liechtenstein personnel issued the policy to the foreign man without further inquiry into the true beneficial ownership of the policy's underlying assets. Upon the elderly foreign man's death in early 2013, the death claim was paid out to the U.S.

beneficiary — again, without inquiry as to the true beneficial ownership of the policy funds.

- In certain cases, 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. For example, in November 2012, a U.S. policyholder of a Swiss Life Liechtenstein PPLI policy custodied at Swiss Bank-5 requested a full surrender in physical gold to be transferred to a precious-metals brokerage-and-storage company (affiliated with Swiss External Asset Manager-5, a frequent intermediary of Swiss Life Liechtenstein PPLI policies) because the policyholder wanted to keep the assets "out of the banking system." Subsequently, five one-kilogram gold bars and 25 one-kilogram silver bars were sent to Swiss Bank-18. In another case, in February 2013, the U.S. policyholder of a Swiss Life Liechtenstein PPLI policy custodied at Swiss Bank-19 requested a full surrender in order to purchase diamonds. The policyholder's stated reason for the surrender request was the belief that "investing in diamonds is better for US citizens." Shortly thereafter, the policy assets of nearly $470,000 were transferred to an account held at Swiss Bank-20, the assets were exchanged for diamonds, and the policyholder and the policyholder's spouse picked up the gemstones in person during a trip to Zurich.

- 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, who may have been residing in the United States. And in some instances, one of the Swiss Life PPLI Carriers itself held the documents and correspondence for the policyholder. In one example, a Swiss Life Singapore PPLI policy was issued to a U.S. person in September 2009 with funds from a Panamanian trading company that he owned and operated from Venezuela, Panama, and the United States. These funds were previously held at Swiss Bank-21 in Switzerland. Rather than provide a taxpayer identification number and other tax information to Swiss Bank-21, the U.S. person moved his funds into a Swiss Life Singapore PPLI policy custodied at Swiss Bank-5. To further conceal his interest in the policy's underlying assets, and shortly after opening the policy, the policyholder submitted a request — first, to change his listed residence to a Venezuelan address, and then to designate Swiss Life Singapore as the recipient of his policy-related correspondence. The policyholder explained that he required this arrangement because he was "in process of establishing a new domicile and will inform you when complete." This explanation was accepted without further inquiry. In August 2019, a federal grand jury in Florida returned an indictment, charging the policyholder with failing to disclose his interest in financial accounts — including his interest in his Swiss Life Singapore PPLI policy — on FBARs, among other tax-related offenses. The policyholder remains a fugitive residing in a jurisdiction from which he is not subject to extradition.

- In two other instances, Swiss Life Liechtenstein opened and maintained policies that were beneficially owned by U.S. persons who were subsequently charged with and pleaded guilty to tax-related offenses involving their Swiss Life PPLI policies. The first of these policies involved a U.S. person who opened a Swiss Life Liechtenstein PPLI policy in 2007 in order to hold undeclared assets that he had previously maintained in a life insurance policy issued by Swiss Insurance Provider-1. During the lifespan of the policy, which was originally custodied at Swiss Bank-12 and then Swiss Bank-10, the policyholder took measures to conceal his connections to those accounts. For example, the policyholder told his asset manager (Swiss External Asset Manager-5) that he appreciated "cloaked correspondence," and in April 2010, he instructed Swiss External Asset Manager-5 to use "NO name, letterhead, etc." In October 2019, the policyholder pleaded guilty to tax-related offenses associated with his Swiss Life Liechtenstein policy. As he admitted in his plea agreement, the policyholder did not report the PPLI policy on FBARs or on his tax returns.

- The second of these cases involves another U.S. person who, beginning in or about 1993, stopped filing income tax returns and paying taxes owed to the IRS. In 1999, the U.S. person began moving his money into offshore insurance annuities and policies to help conceal his undeclared assets. In June 2007, Swiss External Asset Manager-5 opened a Swiss Life Liechtenstein PPLI policy on his behalf, to which the policyholder made multiple contributions of undeclared assets. The policy investment account was originally custodied at Swiss Bank-10 and was subsequently moved to Swiss Bank-22. Starting in 2013, Swiss Life Liechtenstein, Swiss External Asset Manager-5 and Swiss Bank-22 requested that the policyholder demonstrate proof of historical tax compliance, which he could not do since he had stopped making tax filings years earlier. As a result, Swiss Bank-22 eventually liquidated the portfolio in the policy investment account and transferred approximately $800,000 in cash to a corporate account held by Swiss Life Liechtenstein. In January 2020, the policyholder pleaded guilty to a tax offense in connection with his Swiss Life Liechtenstein PPLI policy. As he admitted in his plea agreement, the policyholder did not report his PPLI policy on FBARs or on tax returns.

- In certain cases, Swiss Life's PPLI Carriers opened PPLI policies for U.S. persons with dual nationality using their foreign passport or other foreign identification documents in order to obscure the U.S. status of the policyholder and/or beneficial owner of the policy.

F. The La Suisse & Swiss Life Domestic Books of Business

54. In 1988, Swiss Life acquired Swiss-based insurance company, La Suisse, Société d'assurances sur la vie ("La Suisse"), which had a life insurance-related business among the different insurance business lines it operated. Part of La Suisse's business involved single- and periodic-premium fixed-annuity policies, as well as mixed-insurance products. Unlike Swiss Life's PPLI policies, these products did not involve an individual investment account managed by a third-party investment manager. Instead, these products promised periodic or lump-sum payments starting at a date set in the future or on the occurrence of a particular event. La Suisse operated as an independent subsidiary of Swiss Life until 2005, at which point Swiss Life wound down the business by selling off the non-life insurance businesses and no longer issuing new La Suisse policies. In 2007, the La Suisse book of life insurance policies that were still in force at

the time was integrated with Swiss Life's domestic Swiss business operated by Swiss Life AG ("SLAG").

55. While La Suisse's business was principally focused on the domestic Swiss market, beginning in or about the mid-1970s and continuing until in or about 2003, La Suisse did business with certain third-party intermediaries, including Swiss External Asset Manager-6, which had U.S. clients as part of their respective businesses. These intermediaries ultimately were responsible for the issuance of a significant number of La Suisse policies to U.S. persons, many of which were still in force during the Applicable Period. In certain instances, La Suisse personnel knew, or should have known, that La Suisse policies were sold to U.S. clients who funded their policies with undeclared assets or otherwise were using such policies for the purpose of evading their U.S. tax obligations.

56. La Suisse maintained an aggregate total of approximately 3,728 U.S.-related Policies during the Applicable Period, the vast bulk of which were issued prior to 2000. These policies in the aggregate had total premium contributions of approximately $131.5 million. At least 15 U.S. persons holding La Suisse policies participated in OVDP.

57. SLAG offered a wide variety of its own life insurance, annuity, and other insurance and pension products to individuals and corporate clients. SLAG also worked with intermediaries, including Swiss External Asset Manager-6, some of which had U.S. clients. In certain instances, SLAG personnel knew, or should have known, that SLAG policies were sold to U.S. clients who funded their policies with undeclared assets or otherwise were using such policies for the purpose of evading their U.S. tax obligations.

58. SLAG maintained an aggregate total of approximately 1,760 U.S.-related Policies during the Applicable Period. These policies in the aggregate had total premium contributions of approximately $146.1 million. At least four U.S. persons holding SLAG policies participated in OVDP.

59. As a result of, and in conjunction with, the conduct described above in paragraphs 1-58, certain U.S. taxpayer-clients filed false and fraudulent income tax returns electronically and by U.S. mail that failed to report their Swiss Life PPLI policies and related policy investment accounts, and the income earned thereon, to the IRS as required.

IV. REMEDIAL MEASURES AND CESSATION OF U.S.-RELATED PPLI BUSINESS

60. During the Applicable Period, Swiss Life's PPLI Business Unit took a number of steps to help prevent Swiss Life's PPLI products being marketed to U.S. taxpayers for the purpose of concealing undeclared, offshore assets from U.S. authorities, and evading their U.S. tax-related obligations, culminating in the cessation of new business with U.S. clients in the fall of 2012.

Remedial Measures (2008-2012)

61. In December 2008, Swiss Life introduced a formal Code of Conduct specific to the PPLI Business Unit. That Code of Conduct prohibited employees from assisting in criminal activity, using or marketing Swiss Life's PPLI products beyond their designed scope, and giving tax advice. In early 2009, Swiss Life amended its confidential offering memoranda for U.S. tax-compliant PPLI products to include an explicit disclaimer, which provided as follows: "Policyholder certifies that Policyholder has consulted with a tax advisor licensed to provide tax advice in Policyholder's tax jurisdiction and that Policyholder is solely responsible for reporting and paying all taxes resulting from the purchase of the Policy. Swiss Life or any entity or person who acts on behalf of Swiss Life does not provide any tax, legal and/or regulatory advice." At or about the same time, PPLI Business Unit management emphasized to PPLI sales personnel that only U.S. tax-compliant PPLI products should be sold to U.S. persons. Formal measures to implement this guidance were not taken until a year later, and it appears that some sales personnel from the PPLI Carriers may have continued to meet with intermediaries with US-NCAS clients through at least August 2009.

62. As set forth above, in or about September 2009, the Swiss Life PPLI Business Unit implemented an enhanced tax-compliance declaration for the U.S. tax-compliant PPLI products following reports that certain salespersons were promoting a specific use of such products to facilitate tax evasion. The new declaration required policyholders to affirm in writing that they had (i) "declared all assets that will be used to purchase this policy and that might be transferred in the future into the policy," and (ii) "fulfilled all tax obligations connected with such assets in the policy." In January 2010, the Swiss Life PPLI Business Unit inserted a non-U.S. person status declaration into all of its non-U.S. PPLI products, including the LAP Universal and LAP Asia products that had sometimes been used by U.S. clients with undeclared assets. This declaration required a potential policyholder to confirm that they were not a U.S. person, and was intended to prevent non-U.S. tax compliant products from being issued to U.S. persons.

63. By early 2012, Swiss Life began taking steps to wind down the Swiss Life PPLI Carriers' business with U.S. clients. By in or about March 2012, the PPLI Carriers could only take on new U.S. clients on a case-by-case basis with prior senior supervisory approval from Swiss Life's international business unit. New U.S. policyholders were required to provide a recent Form W-9, an FBAR or Form 8938, and other information confirming their U.S. tax compliance. In addition, the Swiss Life PPLI Business would no longer actively market or promote its PPLI products for use by U.S. clients. Consistent with this new approach, the Swiss Life PPLI Carriers issued only nine new PPLI policies to U.S. persons during the remainder of 2012.

64. In August 2012, Swiss Life determined that it would no longer accept any new U.S.-related PPLI Policies, even on a case-by-case basis. In November 2012, Swiss Life prohibited additional contributions to existing U.S.-related PPLI Policies, although a small number of contributions that had been approved at an earlier point in the year were executed after that time. While Swiss Life's PPLI Carriers could not unilaterally terminate U.S.-related PPLI Policies due to restrictions imposed by relevant insurance laws in Liechtenstein, Luxembourg, and Singapore, Swiss Life also began taking steps to reduce its existing book of

U.S.-related PPLI Policies by December 2012, including by encouraging U.S. policyholders to terminate their policies. As a result of these efforts, a significant number of U.S.-related PPLI Policies were closed in 2012 and 2013. However, because of the termination restrictions, the Swiss Life PPLI Carriers continued to maintain and administer undeclared U.S.-related PPLI Policies until FATCA implementation as described below in paragraphs 66-67.

65. For most of the Applicable Period, Swiss Life generally employed a decentralized compliance model in which business units, including the PPLI Business Unit, had primary responsibility for compliance subject to oversight by higher levels within the group, as well as group involvement when a significant issue arose. The compliance-related measures implemented by the PPLI Business Unit prior to 2012 ultimately proved to be ineffective in preventing PPLI policies from being sold by the PPLI Carriers to undeclared U.S. clients as a means to help conceal offshore assets and income and otherwise evade their U.S. tax obligations.

FATCA Implementation

66. Thereafter, Swiss Life's PPLI Carriers took meaningful steps to prepare for and implement FATCA. Beginning as early as February 2014, the PPLI Carriers began sending outreach letters to existing U.S.-related clients. These letters informed policyholders that Swiss Life would be participating in FATCA, requested tax-compliance documentation and a waiver that would permit the disclosure to U.S. authorities required under FATCA, and encouraged policyholders to pursue OVDP to the extent that they might have historical tax-compliance issues relating to their PPLI policies. A follow-up round of outreach letters was sent to those policyholders who did not respond to the initial letters.

67. In addition, pursuant to FATCA, all three Swiss Life PPLI Carriers were required to identify all "pre-existing High Value Accounts" (*i.e.*, still-existing accounts with a balance greater than $1 million that were opened before July 1, 2014) by June 30, 2015. By year-end 2014, the PPLI Carriers had not only completed their due diligence to identify all High-Value Accounts but had also identified all "pre-existing Low Value Accounts" (*i.e.*, still-existing accounts with a balance less than $1 million that were opened before July 1, 2014). All three PPLI Carriers reported all pre-existing U.S.-related PPLI Policies irrespective of policy amount in 2015 for the 2014 reporting year, well before the reporting deadline. Overall, approximately 60% of the total contributions to U.S.-related PPLI Policies open during the Applicable Period were the subject of FATCA reporting by the PPLI Carriers.

Additional Remedial Measures

68. Finally, in 2018, Swiss Life adopted a new mandatory diligence process for new clients and contributions to or surrenders from existing policies. This "Extended U.S. Connection Policy" is designed to identify any potential U.S. connection of the prospective or existing policyholder. Relevant U.S. connections go beyond formal FATCA indicia, and include significant time spent in the United States, birth of a child in the United States, substantial U.S. asset holdings, a pension from a U.S.-based company and other "U.S. connections" that might suggest past or current U.S. status. If a "U.S. connection" is identified, the case is escalated to compliance which, in collaboration with outside counsel, reviews the case and conducts additional diligence, requests additional information and/or documentation from the prospective

or existing policyholder, including when appropriate a historical U.S. Status Declaration to explain, under penalty of perjury, why the identified U.S. connections do not reflect current U.S. taxpayer status, and makes a final determination as to whether the PPLI Carrier should proceed with the new policy or transaction for an existing policy.

V. COOPERATION

69. Swiss Life began cooperating with the Department of Justice in September 2017, following the Department's initiation of contact. Since then, Swiss Life's cooperation with the Department's investigation has been substantial, continuous and robust, and ultimately has provided meaningful assistance to the Department's cross-border tax-enforcement efforts.

70. Swiss Life has conducted a thorough and holistic internal investigation and provided the Department with the broadest scope of requested information permissible under applicable law. This included a detailed, manual review of over 1,500 hard-copy PPLI policy files. This review included PPLI policies beyond those simply having formal "U.S. indicia" under FATCA in order to ensure that potential hidden U.S. beneficial owners were identified, and also included quality-control reviews of a number of "higher-risk" populations of policies with no U.S. indicia, including those with connections to asset managers or intermediaries known to have significant U.S. books of business. Swiss Life presented detailed findings and analyses of its investigation over the course of 11 substantive in-person, telephonic or virtual presentations, and numerous substantive telephone calls and written submissions.

71. In addition, in the course of its investigation, the PPLI Carriers conducted extensive outreach to current and former U.S. clients to confirm historical tax compliance and/or OVDP participation, and to encourage disclosure through OVDP when policyholders' historical tax-compliance issues had not yet been resolved. Through these efforts, a number of current or former PPLI policyholders formally disclosed their previously undisclosed policies to the IRS through OVDP.

72. Swiss Life has also provided substantial assistance in the Department's investigation of other individuals and entities. In 2014 and 2015, Swiss Life procured data- and insurance-secrecy waivers from policyholders in order to assist Swiss banks participating in the Swiss Bank Program or that were otherwise under investigation by DOJ. Doing so allowed these banks to share information with U.S. authorities concerning U.S. taxpayer-clients whose policies were custodied at those banks. In total, Swiss Life procured waivers from policyholders resulting in the disclosure of policyholder information to U.S. authorities for at least 111 U.S.-related PPLI Policies.

73. Swiss Life also developed a consent process that permitted it to provide the Department with detailed information concerning the custodian banks that held investment accounts for U.S.-related PPLI Policies consistent with applicable law. And Swiss Life provided multiple in-depth proffers concerning Swiss Life's historical relationship with certain asset managers and custodian banks of interest to DOJ's ongoing U.S. cross-border tax enforcement efforts.

74. Finally, Swiss Life took additional measures to assist in the sharing of documents and information with the Department consistent with the insurance-confidentiality and data-privacy laws in the jurisdictions in which Swiss Life's PPLI Carriers operate. Swiss Life has assisted U.S. authorities in preparing a Tax Information Exchange Agreement request to the Liechtenstein authorities for information pertaining to potentially undeclared U.S.-related PPLI Policies issued by Swiss Life Liechtenstein. Swiss Life Singapore has also facilitated the provision of information to U.S. authorities on potentially undeclared U.S.-related PPLI Policies issued by Swiss Life Singapore in a manner consistent with applicable Singapore law.