



## Press Release

### FOREIGN BANKERS CHARGED WITH AIDING AMERICAN BILLIONAIRE EVADE INCOME TAX ON \$200 MILLION

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May 13, 2008

#### FOR IMMEDIATE RELEASE

R. Alexander Acosta, United States Attorney for the Southern District of Florida, the Department of Justice Tax Division, and the Internal Revenue Service, Criminal Investigation Division, announce the unsealing of a one-count indictment charging two foreign bankers with assisting an American billionaire real estate developer to evade United States income taxes on approximately \$200 million of assets hidden offshore in Swiss and Liechtenstein bank accounts.

The Indictment unsealed today at the Fort Lauderdale Federal Courthouse before U.S. Magistrate Judge Barry S. Seltzer, charged defendants **Bradley Birkenfeld**, 43, a United States citizen, who resides in Switzerland, and **Mario Staggl**, 43, a Liechtenstein citizen and resident, with conspiring to defraud the United States by assisting a United States citizen, who is a real estate developer, in creating nominee entities, fictitious trust, and bogus corporations to conceal the real estate developer's ownership and control of the offshore hidden assets. Birkenfeld made his initial appearance in court earlier today; Staggl remains at large.

In 2001, the Swiss bank where defendant Birkenfeld was employed, entered into a Qualified Intermediary agreement with the United States through which the Swiss bank agreed to identify and document any customers who received reportable United States source income. In accordance with IRS requirements, the Swiss bank agreed to have its customers fill out IRS Forms W-8BEN, which require foreign beneficial owners of bank accounts to be identified, and IRS Forms W-9, which require United States beneficial owners of bank accounts to be identified.

This agreement was a major departure from historical Swiss bank secrecy laws under which Swiss banks concealed bank information for United States clients from the IRS. The Swiss bank further agreed to issue IRS Forms 1099 to United States customers for United States source payments of dividends, interest, rents, royalties and other fixed or determinable income paid into the United States customers' off-shore bank accounts and file the Form 1099 information with the IRS. As a result of this agreement, the Swiss bank was able to hold itself out as a Qualified Intermediary and claim benefits as a Qualified Intermediary. At all relevant times to this indictment, the Swiss bank represented to the IRS that it had continued to honor this Qualified Intermediary agreement.

According to the Indictment, despite the Swiss bank's agreements, the defendants, Swiss bankers, and others made trips to the United States to pitch a tax evasion scheme to conceal the fact that United States bank clients were the owners of accounts held at the Swiss bank, thereby evading the Swiss bank's obligations to report certain income information to the IRS and to evade certain United States withholding tax requirements. The cornerstone to the defendants pitch was that Swiss and Liechtenstein bank secrecy was impenetrable.

The Indictment alleges that as further part of the scheme, the defendants assisted their United States client to prepare false and fraudulent IRS documents, advised their client to destroy all offshore banking records existing in the United States, solicited to their client Swiss bank credit cards which they claimed could not be discovered by United States authorities, and caused the filing of false IRS income tax returns which omitted income earned by their client and fraudulently misrepresented that their client did not have an interest in and signature authority in accounts held offshore.

Acosta commended the investigative efforts of the IRS agents involved in this case. The prosecution is being

handled by Senior Trial Attorney Kevin M. Downing and Trial Attorney Michael P. Ben' Ary of the Tax Division, and Assistant U.S. Attorneys Jeffrey A. Neiman and Jeffrey Kay.

Attachments:

[Indictment](#) (PDF)

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

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