



The United States Attorney's Office

Southern District of Florida

Press Release

BANKER PLEADS GUILTY TO HELPING AMERICAN REAL ESTATE DEVELOPER EVADE INCOME TAX ON \$200 MILLION

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FOR IMMEDIATE RELEASE

Banker **Bradley Birkenfeld** pleaded guilty today to conspiring with an American billionaire real estate developer, Swiss bankers and his co-defendant, Mario Staggl, to help the developer evade paying \$7.2 million in taxes by assisting in concealing \$200 million of assets in Switzerland and Liechtenstein, the Justice Department, the U.S. Attorney's Office for the Southern District of Florida and the Internal Revenue Service (IRS) Criminal Investigation Division announced.

Birkenfeld, an American citizen employed by a Swiss bank, pleaded guilty before U.S. District Court Judge William J. Zloch in Fort Lauderdale, Fla. During the plea, Birkenfeld admitted that between 2001 and 2006, while he was employed as a director in the private banking division of a large Swiss banking firm, he routinely traveled to and had contacts within the United States to help wealthy Americans conceal their ownership in assets held offshore and evade the payment of taxes on the income generated from those assets.

According to statements and documents filed with the court, Birkenfeld's services to American clients violated a 2001 agreement that the Swiss bank entered into with the United States. Under the terms of the agreement, the bank would identify and document any customers who received reportable U.S. source income or would withhold and anonymously pay a 28 percent withholding tax. This agreement was a major departure from historical Swiss bank secrecy laws under which Swiss banks concealed bank information for U.S. clients from the IRS.

When the bank notified its U.S. clients of the requirements of this agreement, many of the bank's wealthy U.S. clients refused to be identified, to have taxes withheld from the income earned on their offshore assets or to sell their U.S. investments. These accounts were known at the Swiss bank as the United States undeclared business.

In evidence provided by Birkenfeld to the court, managers and bankers at the firm, including Birkenfeld, assisted the U.S. clients in concealing their ownership of the assets held offshore by helping these wealthy customers create nominee and sham entities. This was done to prevent the risk of losing the approximately \$20 billion of assets under management in the United States undeclared business, which earned the bank approximately \$200 million per year in revenues. To this end, Birkenfeld, managers and bankers at the Swiss bank, and U.S. clients prepared false and misleading IRS forms that claimed that the owners of the accounts were sham off-shore entities' and failed to prepare and file IRS forms that should have identified the true U.S. owner of the accounts.

To further assist U.S. clients of the bank in concealing their offshore accounts, Birkenfeld admitted that he, Mario Staggl, additional private bankers and managers at the Swiss bank, and others advised U.S. clients to place cash and valuables in Swiss safety deposit boxes, and purchase jewels, artwork and luxury items using the funds in their Swiss bank account while overseas. Additionally, they advised the clients to misrepresent the receipt of funds from the Swiss bank account in the United States as loans from the bank; destroy all off-shore banking records existing in the United States; utilize Swiss bank credit cards that they claimed could not be discovered by U.S. authorities; and file false U.S. individual income tax returns that omitted income earned by the clients and fraudulently misrepresented that the clients did not have an interest in and signature authority over accounts held offshore.

Birkenfeld admitted that from at least 2001 through the date of the indictment, he conspired with Staggl,

the American real estate developer, additional private bankers and managers employed by the Swiss bank, and others to defraud the United States of approximately \$7.2 million in tax revenue by assisting the real estate developer in evading income tax on the income earned on \$200 million of assets hidden offshore in Switzerland and Liechtenstein.

To circumvent the requirements of the agreement between the bank and the IRS, Birkenfeld and others conspired to conceal the American real estate developer's ownership and control of the \$200 million of assets hidden offshore by creating and utilizing nominee and sham entities, including Bahamian corporations, Liechtenstein trusts and Danish corporations.

"I want to thank the attorneys and agents of the Southern District of Florida, the Department of Justice's Tax Division and the Internal Revenue Service, who have worked diligently on this matter. It is sad that individuals with wealth and access to offshore accounts would abuse their advantages and use schemes to evade tax obligations. We must fully investigate and prosecute these offshore schemes," said R. Alexander Acosta, U.S. Attorney for the Southern District of Florida.

"U.S. taxpayers who honestly report their income and pay their taxes can rest assured that those who do not, those who secrete and conceal their assets offshore to avoid paying their fair share, will be investigated and prosecuted by the IRS and Department of Justice," said John A. Marrella, Deputy Assistant Attorney General of the Tax Division.

"I believe this case will send a strong signal to anyone hiding money in offshore bank accounts to avoid paying the taxes they should. The IRS will pursue people using offshore accounts in this manner as well as financial advisers and others who orchestrate these tax fraud schemes," said IRS Commissioner Douglas Shulman.

Besides 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 Justice Department's Tax Division, as well as Assistant U.S. Attorneys Jeffrey A. Neiman and Jeffrey Kay of the U.S. Attorneys Office for the Southern District of Florida.

Attachments:

[Statement of Facts \(PDF\)](#)

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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