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Justice Department Reaches Final Resolutions Under Swiss Bank Program

Information Received Continues to Drive Civil and Criminal Enforcement Efforts

The Department of Justice announced today that it has reached final resolutions with banks that have met the requirements of the [Swiss Bank Program](#). The Program provided a path for Swiss banks to resolve potential criminal liabilities in the United States, and to cooperate in the Department's ongoing investigations of the use of foreign bank accounts to commit tax evasion. The Program also provided a path for those Swiss banks that were not engaged in wrongful acts but nonetheless wanted a resolution of their status. Banks already under criminal investigation related to their Swiss-banking activities and all individuals were expressly excluded from the Program.

"The Swiss Bank Program has been and continues to be a vital part of the Justice Department's efforts to aggressively pursue tax evasion," said Attorney General Loretta E. Lynch. "This groundbreaking initiative has uncovered those who help facilitate evasion schemes and those who hide funds in secret offshore accounts; improved our ability to return tax dollars to the United States; and allowed us to pursue investigations into banks and individuals. I want to thank the Swiss government for their cooperation in this effort, and I look forward to continuing our work together to eradicate fraud and corruption."

"Working with the Swiss government, we have made financial institutions reform the way they do business," said Principal Deputy Associate Attorney General Bill Baer. "We are moving toward an era of global financial transparency, and those seeking to violate our nation's tax laws, or the laws of our treaty partners, will find that the days of hiding funds abroad are over."

"The completion of the resolutions with the banks that participated in the Swiss Bank Program is a landmark achievement in the Department's ongoing efforts to combat offshore tax evasion," said Principal Deputy Assistant Attorney General Caroline D. Ciralo. "We are now in the legacy phase of the Program, in which the participating banks are cooperating, and will continue to cooperate, in all related civil and criminal proceedings and investigations. The Tax Division, working closely with its colleagues throughout the Department and its partners within the Internal Revenue Service (IRS), will continue to hold financial institutions, professionals, and individual U.S. taxpayers accountable for their respective roles in concealing foreign accounts and assets, and evading U.S. tax obligations."

"The completion of the examination of Category 3 and 4 banks in the Swiss Bank Program marks another milestone in the continued success of this valuable criminal compliance effort," said Chief Richard Weber of IRS Criminal Investigation (CI). "IRS-CI will continue to partner with DOJ in pursuing those who facilitate or engage in international income tax evasion."

The Program established four categories of Swiss financial institutions. Category 1 included Swiss banks already under investigation when the Program was announced, and therefore, not eligible to participate. Category 2 was reserved for those banks that advised the department by Dec. 31, 2013, that they had reason to believe that they had committed tax-related criminal offenses in connection with undeclared U.S. related accounts. In exchange for a non-prosecution agreement, the Category 2 banks made a complete disclosure of their cross-border activities, provided detailed information on accounts in which U.S. taxpayers have a direct or indirect interest, are cooperating in treaty requests for account information, are providing detailed information as to other banks that transferred funds into hidden accounts or

that accepted funds when those secret accounts were closed, and must cooperate in any related criminal and civil proceedings for the life of those proceedings. The banks were also required to pay appropriate penalties.

Banks eligible for Category 3 of the Program were those that established, with the assistance of an independent internal investigation of their cross-border business, that they did not commit tax or monetary transaction-related offenses and have an effective compliance program in place. The Category 3 banks were required to provide the Department with an independent written report that identified witnesses interviewed and a summary of each witness's statements, files reviewed, factual findings, and conclusions. In addition, the Category 3 banks were required to appear before the Department and respond to any questions related to the report or their cross-border business, and to close accounts of accountholders who fail to come into compliance with U.S. reporting obligations. Upon satisfying these requirements, Category 3 banks received a non-target letter pursuant to the terms of the Program.

Category 4 of the Program was reserved for Swiss banks that were able to demonstrate that they met certain criteria for deemed-compliance under the Foreign Account Tax Compliance Act (FATCA). Category 4 banks also were eligible for a non-target letter.

Between March 2015 and January 2016, the Department executed non-prosecution agreements with 80 Category 2 banks and collected more than \$1.36 billion in penalties. The Department also signed a non-prosecution agreement with Finacor, a Swiss asset management firm, reflecting the Department's willingness to reach fair and appropriate resolutions with entities that come forward in a timely manner, disclose all relevant information regarding their illegal activities and cooperate fully and completely, including naming the individuals engaged in criminal conduct.

Between July and December 2016, four banks and one bank cooperative satisfied the requirements of Category 3, making them eligible for Non-Target Letters. No banks qualified under Category 4 of the Program.

"Offshore compliance remains an important area of tax administration," said IRS Large Business & International Division (LB&I) Commissioner Douglas O'Donnell. "We are evaluating incoming information to detect accountholders who have evaded reporting overseas assets and income, and we are using this information to further untangle the web of financial institutions and intermediaries helping with this evasion. We have expanded our investigations to other regions of the world, and we will continue to apply these techniques to help protect honest taxpayers."

Principal Deputy Assistant Attorney General Ciralo thanked the IRS and in particular, IRS-CI and the LB&I for their substantial assistance. Principal Deputy Assistant Attorney General Ciralo also thanked Tax Division Trial Attorneys Kimberle Dodd, Paul Galindo, Mark Kotila, Kathleen Lyon, and Thomas Voracek, who served as counsel on the Category 3 and 4 bank matters, as well as Senior Counsel for International Tax Matters and Coordinator of the Swiss Bank Program Thomas J. Sawyer and Senior Litigation Counsel Nanette L. Davis of the Tax Division.

Additional information about the Tax Division and its enforcement efforts may be found on the division's [website](#).

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Tax Division

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