

Excerpt from eBook

Offshore Tax Evasion: The IRS and Swiss Banks

UBS Client Indictments 2009-2014

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Gary S. Wolfe has over 34 years of experience, specializing in IRS Tax Audits and International Tax Matters including: International Tax Planning/Tax Compliance, and International Asset Protection.

As of July 2016, Gary Wolfe has internationally published 15 books and 28 articles. Gary has received 14 international tax awards from five different Global expert societies in LONDON/UK including being voted one of the 100 leading world's law firms with votes from over 150,000 voters in over 160 countries with the following award: Global 100 (2016) (KMH Media Group) - CA/US International Tax Planning Law Firm of the Year.

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Chapter 5 - UBS Client Indictments 2009-2014

The following is from the IRS.GOV website-

UBS Clients

Oct. 20, 2014 — [Menasha Cohen](#), from Hampton, N.H., pleaded guilty to filing a false income tax return for tax year 2009. Cohen, an oriental carpet dealer, and his sister maintained an undeclared bank account at UBS with a balance of approximately \$1.3 million.

Oct. 14, 2014 — Gregg A. Kaminsky, a self-employed Internet entrepreneur, was indicted for failing to file a Report of Foreign Bank and Financial Accounts (FBAR) form and failing to disclose his UBS bank account.

Oct. 3, 2014 — [Howard Bloomberg](#) pleaded guilty to willfully failing to disclose a foreign bank account he controlled at UBS.

June 18, 2014 — [Gabriel Gabella](#) pleaded guilty to failing to file a Report of Foreign Bank and Financial Accounts (FBAR). In the plea agreement, Gabella agreed to pay a civil penalty of \$3,140,346 and to pay \$239,012 in restitution to the IRS.

May 27, 2014 — Martin Lack, a former UBS AG banker, was sentenced to five years of probation and ordered to pay a \$7,500 fine. Lack was charged in [August 2011](#) with conspiracy to defraud the United States. He assisted U.S. customers to open and maintain secret bank accounts.

May 9, 2014 — [Dr. Patricia Lynn Hough](#), of Englewood, Fla, was sentenced to 24 months in prison for conspiring to defraud the IRS by concealing millions of dollars in assets and income in offshore bank accounts at UBS and other foreign banks, and for filing false individual income tax returns. Hough was also ordered to pay \$15,518,382 in restitution and \$42,732 for the costs of prosecution.

March 21, 2014 — [Victor Lipukhin](#), formerly a resident of St. Charles, Ill., was indicted for attempting to interfere with the administration of the Internal Revenue laws and filing false tax returns. Lipukhin, a Russian citizen and former lawful permanent U.S. resident, kept between approximately \$4,000,000 and \$7,500,000 in assets in two bank accounts with UBS from at least 2002 through 2007.

March 18, 2014 — California attorney [Christopher M. Rusch](#) was sentenced to 10 months in prison for helping his clients Stephen M. Kerr and Michael Quiel hide millions of dollars in secret

offshore bank accounts. Rusch pleaded guilty on Feb. 6, 2013, to conspiracy to defraud the government and failing to file a Report of Foreign Bank and Financial Accounts (FBAR).

Feb. 26, 2014 — [Christopher B. Berg](#), of Portola Valley, Calif., was sentenced to one year and one day in prison. Prior to sentencing, Berg paid more than \$250,000 in restitution to the IRS, as well as a penalty of \$287,896 for failure to properly report his foreign account.

Jan. 14, 2014 — [H. Ty Warner](#) was sentenced to two years' probation for tax evasion. Warner has paid more than \$53 million in a civil penalty, as well as approximately \$27 million in back taxes and interest.

Sept. 24, 2013 — Stephen M. Kerr and Michael Quiel were each sentenced to 10 months in prison. [Stephen M. Kerr and Michael Quiel](#) were convicted of failing to disclose secret offshore bank accounts in Switzerland. Kerr and Quiel, prominent Phoenix businessmen, were each convicted of two counts of filing false individual income tax returns for 2007 and 2008. Kerr was also convicted of two counts of failing to file a Report of Foreign Bank and Financial Accounts (FBAR).

July 16, 2013 — [Peter Troost](#), of Skokie, Ill., was sentenced to 12 months and a day in prison for evading taxes on more than \$3 million held in offshore UBS accounts. Troost has already paid over \$1 million in back taxes, as well as a civil penalty of approximately \$3.75 million. April 25, 2013 — Mary Estelle Curran, of Palm Beach, Fla., was sentenced for filing false tax returns. Curran pleaded guilty in January 2013 and agreed to pay a civil penalty of \$21 million.

Mar 21, 2013 — [Rakesh Chitkara](#), of Marlboro, N.J., pleaded guilty to filing false personal federal income tax returns. Chitkara must repay back taxes and pay a civil penalty of \$839,885 for willfully failing to file Reports of Foreign Bank and Financial Accounts (FBARs) on at least two accounts at UBS AG in Zurich, Switzerland.

Jan. 30, 2013 — [Christopher B. Berg](#) of Portola Valley, Calif., pleaded guilty today to willfully failing to file a Report of Foreign Bank and Financial Accounts (FBAR) for an account he controlled at UBS in the year 2005.

Oct. 11, 2012 — Wolfgang Roessel, of Fort Lauderdale, Fla., was sentenced to three years probation. Roessel [pleaded guilty](#) in May 2012 to filing a false tax return and failing to file a Report of Foreign Bank and Financial Accounts (FBAR). The plea agreement includes a tax loss of more than \$312,000 and an FBAR penalty owed of more than \$5,750,000.

July 30, 2012 — [Sean and Nadia Roberts](#), of Tehachapi, Calif., were sentenced to 12 months and

one day in prison for hiding millions of dollars in secret offshore bank accounts in Switzerland and other banks around the world. They were also ordered to pay \$709,675 in restitution to the IRS and to pay more than \$2.5 million in civil penalties failing to file Reports of Foreign Bank and Financial Accounts (FBARs).

July 25, 2012 — Luis A. Quintero, of Miami Beach, Fla., was sentenced to four months in prison and fined \$20,000. Quintero also paid a \$2 million civil penalty. Quintero pleaded guilty in April 2012 to willfully failing to file a Report of Foreign Bank and Financial Accounts (FBAR).

Mar. 29, 2012 — Lothar Hoess was sentenced to three years of probation and ordered to pay over \$2 million in restitution for willfully failing to file a Report of Foreign Bank and Financial Accounts (FBAR).

Jan. 11, 2012 — [Michael Reiss](#), a doctor, professor and medical researcher, was sentenced to eight months in a community confinement center for failing to file Reports of Foreign Bank and Financial Accounts (FBAR) with the IRS. Reiss pleaded guilty in August 2011 and agreed to pay back taxes of at least \$400,000 and to pay a civil penalty of over \$1.2 million.

Dec. 7, 2011 — [Amir Zavieh](#), of San Francisco, Calif., was indicted with conspiring to defraud the Internal Revenue Service (IRS). According to the indictment, Zavieh concealed a bank account at UBS by placing his domestic assets in the name of a nominee and failing to file income tax returns.

Nov. 9, 2011 — [Robert E. Greeley](#), of San Francisco, was sentenced to three years probation and ordered to pay \$16,869 in restitution to the IRS. In addition, Greeley will pay over \$6.8 million in civil penalties and interest. Greeley pleaded guilty in August 2011 to charges of filing a false federal income tax return. He concealed more than \$13 million in two bank accounts he held with UBS AG.

Nov. 9, 2011 — [Richard Werdiger](#), of Purchase, N.Y., was sentenced to one year and one day in prison for conspiring to defraud the IRS by hiding more than \$7.1 million at UBS, filing false income tax returns and evading nearly \$400,000 in taxes. In addition, Werdiger agreed to pay a civil penalty of over \$3.8 million.

Oct. 5, 2011 — [Peter Schober](#), of Boston, Mass., was sentenced to one month in prison and six months of supervised release, of which two months will be served in home confinement. Schober was also ordered to pay \$77,870 in restitution and a \$777,986 civil penalty. In November 2010, Schober pleaded guilty to willfully failing to file a Report of Foreign Bank and Financial Accounts (FBAR) concealing over \$1 million from the IRS.

July 14, 2011 – [Anton Ginzburg](#) pleaded guilty to failing to file a Report of Foreign Bank and Financial Accounts (FBAR). Ginzburg agreed to pay a civil penalty of over \$1.5 million.

June 27, 2011 — [Kenneth Heller](#), of New York, N.Y., pleaded guilty to income tax evasion. Heller admitted to hiding more than \$26.4 million in a bank account at UBS AG and he has agreed to pay a civil penalty of over \$9.8 million.

May 24, 2011 — [Harry Abrahamsen](#) of Oradell, N.J., was sentenced to three years probation, including 12 months of home confinement with electronic monitoring, and ordered to pay \$600,000 in restitution to the Internal Revenue Service (IRS). In addition, Abrahamsen agreed to pay a civil penalty in excess of \$300,000. In April 2010, Abrahamsen pleaded guilty to failure to file a (FBAR) report and admitted that he concealed over \$1 million in Swiss bank accounts.

May 23, 2011 — [Lucille Abrahamsen Jackson](#), of Hilldale, N.J., was sentenced to one year probation. In addition, Jackson agreed to pay a civil penalty in excess of \$379,000. Jackson pleaded guilty in November 2010 to filing a false tax return and failing to file a Report of Foreign Bank or Financial Account (FBAR). She admitted to concealing over \$750,000 in a UBS account by transferring ownership of the account to a nominee Panamanian corporation.

April 21, 2011 — [Ernest Vogliano](#), of Manhattan, N.Y., was sentenced to two years probation and ordered to pay a \$940,000 civil penalty. He pleaded guilty on Dec. 22, 2010, to filing false tax returns and conspiring to defraud the Internal Revenue Service by hiding \$4.9 million in an offshore bank account with UBS, AG.

March 14, 2011 — [Jeffrey Chatfield](#), of San Diego, Calif., was sentenced to three years' probation and ordered to pay more than \$96,000 to resolve his civil liability with the IRS for failing to file the required Reports of Foreign Bank and Financial Reports (FBARs). Chatfield [pleaded guilty](#) on Nov. 18, 2010, to filing a false tax return in which he failed to report a UBS account containing \$900,000. Between 2000 and 2008, Chatfield transferred the \$900,000 through several offshore accounts of nominee entities.

March 8, 2011 — [Edward Gurary](#), of Orange Village, Ohio, pleaded guilty to filing false income tax returns for the years 2004 through 2008. Gurary owned and controlled a financial account at UBS AG which was in the name of a Bahamian entity and failed to report interest income earned on his tax returns.

March 4, 2011 — Arthur Joel Eisenberg, of Seattle, Wash., was [sentenced](#) to serve three years' probation and to pay a \$2.1 million penalty for failing to file a Report of Foreign Bank or

Financial Account (FBAR) form. Eisenberg [pleaded guilty](#) in December 2010 to willfully filing a false tax return which failed to report over \$3.1 million in various UBS bank accounts.

Dec. 7, 2010 — [Samuel Phineas Upham](#), of New York, N.Y., was indicted conspiring with a family member to hide over \$11 million in an offshore UBS bank account. He also assisted in establishing a sham foundation in Liechtenstein to further conceal money from the IRS.

Nov. 19, 2010 — [Bernard Goldstein](#), of Carlsbad, Calif., was indicted for conspiracy to defraud the IRS, filing false tax returns, and failing to file Report of Foreign Bank or Financial Accounts (FBARs). Goldstein is alleged to have transferred over \$2 million in a UBS account to a sham Panamanian corporation in an effort to conceal the account from the IRS.

Nov. 10, 2010 — Sybil Nancy Upham, of Manhattan, N.Y., pleaded guilty to conspiring to defraud the IRS and subscribing to false federal income tax returns. As part of her plea agreement, Upham has agreed to pay over \$5.5 million in penalties for failure to file FBARs. On April 15, 2010, Upham was [indicted](#) with five other individuals for hiding millions of dollars in secret Swiss bank accounts.

Oct. 4, 2010 — [Gregory Rudolph](#), of Brookline, Mass., pleaded guilty to failing to comply with foreign bank account reporting requirements. UBS bankers assisted Rudolph with creating a shell company registered in the British Virgin Islands and a shell corporation registered in Hong Kong in hiding in excess of \$1 million. In October 2010, Rudolph was indicted with Peter Schober.

Sept. 21, 2010 — [Jules Robbins](#), of New York, N.Y., who owned and operated watch distribution companies, was sentenced to one year probation and ordered to pay a civil FBAR penalty of \$20.8 million. Robbins set up a sham Hong Kong corporation which was listed as the holder of an UBS account in an effort to conceal his income from the IRS. This account and Robbins' other offshore accounts collectively contained almost \$42 million in unreported income.

Sept. 17, 2010 — [Federico Hernandez](#), of New York, N.Y., was sentenced to 12 months in prison, six months home confinement, and ordered to pay a civil FBAR penalty of \$4.4 million. Hernandez used sham companies set up in the British Virgin Islands and Panama to conceal his ownership of UBS accounts totaling \$8.8 million.

July 1, 2010 — [Leonid Zaltsberg](#), of Milltown, N.J., pleaded guilty to filing a false tax return for 2003 and failing to file a Report of Foreign Bank or Financial Accounts (FBAR). In his plea agreement, Zaltsberg admitted failing to disclose the existence of a Swiss bank account on his tax returns for the years 2000 through 2006 and concealing over \$2 million in his Swiss account.

On Dec. 20, 2010, Zaltsberg was sentenced to four years of probation, including one year of home confinement. In addition, he was ordered to pay civil penalties for failing to file an FBAR and a \$3,000 fine.

April 15, 2010 — In Manhattan, N.Y., [seven UBS clients](#) were indicted for collectively hiding over \$100 million in secret Swiss bank accounts. Two of these individuals, Jules Robbins and Federico Hernandez, pleaded guilty and agreed to pay civil penalties of \$20.8 million and \$4.4 million, respectively. The remaining indicted clients were Kenneth Heller, Sybil Nancy Upham, Richard Werdiger, Ernest Vogliano and Shmuel Sternfeld.

April 13, 2010 — [Paul Zabczuk](#), of The Woodlands, Texas, pleaded guilty to filing a false tax return wherein he failed to report his interest in or signature authority over financial accounts at UBS AG. Zabczuk was sentenced on July 27, 2010, to three years of supervised release with one year served in home detention and 150 hours community service. In addition, Zabczuk was ordered to file accurate tax returns and pay all taxes, interest and penalties due and owing to the IRS.

Feb. 4, 2010 — [Jack Barouh](#) of Golden Beach, Fla., pleaded guilty to filing a false tax return. Barouh admitted to filing a false tax return for 2007 in which he failed to report a foreign bank account. He was [sentenced](#) to 10 months in prison and ordered to pay all taxes, interest and penalties due and owing.

Oct. 5, 2009 — [Roberto Cittadini](#) of Bellevue, Wash., pleaded guilty to filing a false tax return and admitted to concealing nearly \$2 million in Swiss bank accounts. Cittadini, a retired sales manager for Boeing, failed to file a Report Foreign Bank and Financial Accounts for 2001 through 2003. Cittadini was sentenced on Jan. 8, 2010, to six months home detention and one year supervised release and was ordered to pay a \$10,000 fee and \$17,985 in restitution.

Sept. 25, 2009 — [Juergen Homann](#) of Saddle River, N. J., pleaded guilty to failure to file a Report of Foreign Bank or Financial Accounts and accepted responsibility for concealing more than \$5 million in Swiss bank accounts. Homann was sentenced on Jan. 6, 2010, to five years probation and was ordered to pay a \$60,000 fine.

Aug. 14, 2009 — [John McCarthy](#) of Malibu, Calif., pleaded guilty to failing to inform the government of a Swiss bank account as part of a scheme to move at least \$1 million from the United States into Swiss bank accounts with the goal of avoiding the payment of federal income taxes. McCarthy was sentenced on March 22, 2010, to three years of supervised release with six months served in home detention and 300 hours community service. In addition, he was ordered to pay a \$25,000 fine and to file tax returns for 2003 through 2008 and pay all taxes

due and owing.

July 28, 2009 — [Jeffrey P. Chernick](#) of Stanfordville, N.Y., pleaded guilty to charges of filing a false tax return. Chernick, who owns a corporation which represents toy manufacturers in China and Hong Kong, accepted responsibility for concealing more than \$8 million in Swiss bank accounts. Chernick was sentenced on Oct. 30, 2009, to three months in prison and one year of supervised release with six months served in home detention.

June 25, 2009 — UBS client [Steven Michael Rubinstein](#) of Boca Raton, Fla., pleaded guilty to filing a false tax return for tax year 2004. On April 1, 2009, Rubinstein was charged with filing a false tax return that intentionally failed to disclose the existence of a Swiss bank account maintained by UBS of which he was the beneficial owner and failed to report any income earned on that account. Rubinstein was sentenced on Oct. 28, 2009, to three years probation, of which 12 months will be served in home detention.

April 14, 2009 — [Robert Moran](#) of Lighthouse Point, Fla., pleaded guilty to a criminal information charging him with filing a false income tax return. Moran accepted responsibility for concealing more than \$3 million in assets in a secret bank account at UBS in Switzerland. Moran was sentenced on Nov. 6, 2009, to two months in prison and one year of supervised release with five months in home confinement.

