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Wikileaks Expose Interests IRS

Rudolf Elmer, a former employee of Julius Baer Bank in the Cayman Islands said he handed over to Julius Assange, the founder of Wikileaks documents containing the names and details of 2,000 people and companies who may have been holding their undeclared assets and income in offshore bank accounts.

This situation is reminiscent of the IRS' battle with Swiss banking giant, UBS where the bank was finally compelled to pay a fine and disclose banking details of thousands of American customers suspected of dodging taxes.

In this instance, Elmer claims that the 2,000 names include politicians, entertainment figures and organized crime bosses. This has naturally piqued the interest of the IRS and the US Treasury who are all ears for any information leading to US taxpayers who own assets overseas in offshore bank accounts that have not been declared. Once this information goes public, it would be easy for the IRS to open investigations into taxpayers who have failed to disclose their foreign accounts.

In 2009, the IRS allowed taxpayers who have undeclared offshore assets to come forward voluntarily under the Voluntary Disclosure Program to pay up their back taxes and any penalties and interests incurred without facing

criminal charges. Due to the success of the previous Voluntary Disclosure Program, the IRS is mulling having another program. But once the details of individuals and companies are exposed by Elmer's information, they can no longer participate in the disclosure program if there is one.

The US government would not hesitate to launch investigations and press charges against any tax evader regardless of where it gets its information from, even if they are documents illegally obtained in breach of another country's laws. The case of Guardian Bank in the Cayman Islands is a typical example.

Thus Elmer's list may cause another deluge of disclosures by those who have been evading taxes and who are afraid their names may be revealed should they be on the list.

Although Elmer worked for Julius Baer Bank in The Cayman Islands, he did not indicate that the information he was handing over was from that bank or even that jurisdiction. At present, he is in Mauritius quietly building an offshore sector with some serious information protection measures in place. Elmer himself is reported to imply his information may not be entirely accurate. But no one will know how accurate it is until the potentially explosive information is revealed.