



December 21, 2010

Former UBS Banker Accused of Abetting Tax Evasion

A former banker with UBS Bank of Switzerland was accused by the US Attorney's Office in Miami of helping wealthy Americans conceal information about their assets in a smaller Swiss bank, Basler Kantonalbank in an attempt to evade taxes. His advice was based on the presumption that a smaller bank would not attract as much attention from the US tax authorities.

Renzo Gadola, a Swiss national and head of RG Investment Partners, an investment advisory firm in Zurich, used to work in UBS from 1995 to 2008 when he left to form RG. He was arrested November 8 and scheduled to appear in Federal District Court in Miami shortly thereafter.

According to prosecutors, Gadola had the help of a co-conspirator, a former senior UBS private banking executive, who was in charge of hundreds of American clients at UBS. In 2003, he left UBS to set up a private investment firm, taking about 150 UBS clients with him.

The accusation from the US Attorney's office is classified as criminal information. It goes to show that Swiss banking secrecy practices that help

wealthy Americans evade taxes are continuing despite the IRS' crackdown on them. The nearly four-year scrutiny of UBS has led other larger Swiss banks to either discontinue or change their offshore services. Yet at the same time, Swiss bankers continue to assist American investors evade taxes through other ways, as can be seen from this charge by the US Attorney's Office.

In one example of such continual practices, the criminal information revealed that a Mississippi investor inherited \$400,000 which he later deposited with UBS and finally with Basler Kantonalbank. When he informed the unidentified Swiss banker about his intention to disclose his assets under the IRS Voluntary Disclosure program that allowed offshore account holders to declare their assets in exchange for protection from criminal prosecution, the banker told him his account was too small to bother disclosing and that doing so would "bring trouble for both of them".

When the investor sought greater clarification, the unidentified banker then suggested to the investor to falsify banking records to make the inheritance money look like a loan. Last month, Gadola informed the investor that he and the unidentified co-conspirator had withdrawn the money from Basler and were keeping it in cash in their shared office. According to the criminal information, Gadola said to the investor, "There is no paper trail".