

# Liechtenstein Bank Forced to Pay Tax Evasion Settlement IRS

by Joseph M. Donegan on August 27, 2013

In another victory for the IRS and the Department of Justice, Liechtensteinische Landesbank AG - or Liechtenstein Bank, for short - has been ordered to pay out a large financial tax evasion settlement for aiding Americans in avoiding taxes.

The terms of an agreement with the parties will require the Vaduz-based bank to pay \$23.8 million to U.S. authorities in order to avoid prosecution for its role in helping American clients violate federal tax law. When broken down, the bank will be required to forfeit \$16,316,000 in revenue it earned and \$7,525,542 in restitution. Further, the institution will not contest a civil forfeiture action filed in July in the Southern District of New York.

The bank was found guilty of helping account holders maintain secret accounts between 2001 and 2011. However, the company was largely able to make an agreeable deal with U.S. authorities after it began cooperating in 2008 by handing over information on clients and helping change Liechtenstein secrecy laws, according to Forbes.

The legal change allowed U.S. officials to secure financial information on banking clients, a pivotal key that helped the government locate and prosecute tax evaders. Prior to the change in the law that Liechtenstein bank helped facilitate, the small municipality of Liechtenstein - which lies between Switzerland and Austria - was considered one of the most "secretive and uncooperative tax havens" in the world, Global Post reported. However, intense pressure from the U.S., Canada, and the European Union prompted it to enter into a cooperative and information-sharing agreement with more than 30 countries.

A number of foreign financial institutions have avoided prosecution by agreeing to pay multimillion-dollar settlements. Swiss bank UBS agreed to pay \$780 million in 2009, while also handing over information on 4,500 accounts. Wegelin, Switzerland's oldest bank, also entered into an agreement in which it paid out \$74 million for helping U.S. clients evade taxes.