

You're Not Just a Number Anymore, Credit Suisse Discloses U.S. Taxpayer Information to Department of Justice

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By Sherwin P. Simmons II, Drew LaGrande, Barbara Ruiz-Gonzalez, and Jonathan Gopman

Over the course of many years, U.S. persons and other foreigners have used the bank-secrecy laws in Switzerland to evade taxes. In February 2009, UBS AG, once the biggest Swiss bank, avoided criminal prosecution by paying a penalty of \$780 million, admitting it fostered U.S. tax evasion and agreeing to provide the U.S. Internal Revenue Service ("IRS") and Department of Justice ("DOJ") data on more than 250 accounts owned by U.S. taxpayers. UBS later turned over data on an additional 4,450 accounts owned by U.S. taxpayers.

The DOJ is pursuing new criminal charges against various Swiss banks after information has been obtained through the 2009 and 2011 U.S. Offshore Voluntary Disclosure Initiative programs. The U.S. and Swiss governments continue to negotiate a sweeping settlement that would provide information from a group of Swiss banks that have helped Americans evade U.S. income taxes.

In July 2011, the DOJ notified Credit Suisse Group AG ("Credit Suisse") that it was the target of a formal criminal investigation into allegations that Credit Suisse advisors helped U.S. taxpayers avoid paying U.S. income tax. The IRS' request stems from a months-long investigation into allegations that Credit Suisse advisors helped thousands of U.S. taxpayers evade U.S. income taxes. On July 21, 2011, seven (7) Credit Suisse advisors were indicted on charges of conspiring to help U.S. taxpayers evade taxes through secret and undisclosed accounts.

The IRS is also seeking information with regard to certain U.S. taxpayers' accounts maintained with Credit Suisse which have offshore companies acting as the beneficial owners of the accounts. On November 8, 2011, as a result of the continued IRS crackdown on Swiss banks, Credit Suisse announced that it will hand over the names of U.S. taxpayers suspected of evading U.S. income taxes. Credit Suisse indicated that it will disclose account information to Swiss tax authorities in response to a request from the IRS. The Swiss tax authorities will then

forward this information to the IRS and DOJ.

Credit Suisse has begun contacting its U.S. clients, giving their U.S. clients two (2) options: (1) U.S. clients can either agree to let the Swiss tax authorities have their account information for the purpose of passing it on to the IRS and DOJ; or (2) the U.S. clients can hire Swiss attorneys to fight the process. U.S. clients who contest the handover of their data must notify the DOJ that an appeal is being pursued.

The amount of names is unclear as is when Credit Suisse is going to provide the account information to the Swiss tax authorities. Swiss tax authorities will then examine the details and allow Credit Suisse clients the chance to appeal before the information is provided to the IRS or the DOJ.

As a result of the recent announcement of account information being provided by Credit Suisse to the Swiss tax authorities and, ultimately, the DOJ, it is imperative that all U.S. taxpayers who hold a Credit Suisse account, directly or indirectly, contact a member of our team. This is equally imperative even if the taxpayer believes he or she is compliant with U.S. income tax filing requirements relating to their Credit Suisse account.

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