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Ex-UBS Client Abrahamsen Pleads Guilty to Tax Charge (Update2)

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(Adds defendant's admissions in third paragraph.)

By David Voreacos

April 12 (Bloomberg) -- A New Jersey businessman who was a UBS AG client pleaded guilty to failing to tell U.S. tax authorities about almost \$800,000 held in offshore accounts.

Harry Abrahamsen, 67, became the third former UBS client charged this year after six pleaded guilty in 2009 in a U.S. Internal Revenue Service crackdown on offshore tax evasion. He admitted in federal court in Newark, New Jersey, that he failed to file required Reports of Foreign Bank or Financial Accounts, or FBARs, from 1999 to 2007.

Abrahamsen admitted opening one UBS account in 1992 and a second in 2000, and funding them with false and inflated expenses from his printing business, SJT Imaging Inc. He answered yes when Justice Department trial attorney Michael Vasiliadis asked: "Did you receive advice from UBS on how to keep those foreign bank accounts hidden from the IRS?"

UBS, the biggest Swiss bank, avoided U.S. prosecution in 2009 by paying \$780 million, turning over the names of U.S. account holders and admitting it helped Americans hide assets from the IRS. A Virginia surgeon also pleaded guilty in February to conspiring with an HSBC Holdings Plc banker to hide a Swiss account from U.S. tax authorities.

UBS, based in Zurich, turned over data to the U.S. on Abrahamsen, a resident of Oradell, New Jersey, as part of its deferred-prosecution agreement. Abrahamsen is cooperating with prosecutors, Vasiliadis told U.S. District Judge Dennis Cavanaugh. He faces as long as five years in prison when Cavanaugh sentences him on July 27.

Primrose Properties

Abrahamsen admitted that "UBS Swiss Banker 1" introduced him in 2000 to "Swiss Lawyer 1," who helped him set up a Panamanian corporation, Primrose Properties SA. He said the lawyer helped him transfer his UBS assets to two Primrose accounts, including one owned by his daughter, "L.A."

Abrahamsen answered "yes" when the prosecutor asked if Primrose was created "to give the appearance that you and your daughter did not have a financial interest" in the accounts, and to "facilitate your ability to evade the requirement to report your financial interest" in the accounts.

He admitted he "knowingly and willfully" failed to declare the UBS accounts on his tax returns from 1999 to 2006, and that he didn't report the income earned. Abrahamsen said he caused SJT to pay false and inflated expenses to "Swiss Company 1." That practice let him understate his personal income on returns from 1999 to 2003.

Abrahamsen's attorney, Caroline Rule of Kostelanetz & Fink in New York, declined to comment after the hearing.

He must pay back taxes and interest, as well as a 50 percent FBAR civil penalty on the highest balance of his accounts. The accounts held \$796,662 in 2005, he admitted in court.

In a media statement, the Justice Department said Abrahamsen admitted he concealed more than \$1 million in Swiss bank accounts and that he funded his accounts with \$1.3 million in false and inflated expenses paid by SJT to a Swiss company.

The case is USA v. Harry Abrahamsen, U.S. District Court, District of New Jersey (Newark).

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