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UPDATE: DOJ Charges 4 Swiss Bank Employees With Helping Individuals Evade Taxes

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By Martin Vaughan and John Kell
OF DOW JONES NEWSWIRES

A federal grand jury in Virginia indicted four Swiss bankers who worked for Zurich-based Credit Suisse, as U.S. authorities widened their campaign against foreign banks that help U.S. customers evade taxes.

The four are accused of engaging in "illegal cross-border banking that was designed to assist U.S. customers evade their income taxes by operating and maintaining secret bank accounts at the bank and other Swiss banks," according to the indictment announced by the U.S. Department of Justice Wednesday.

The indictment does not name the bank that employed the four, identifying it "as an international bank incorporated and with its headquarters in Zurich, Switzerland, with offices worldwide, including New York City and Miami." A U.S. official said the bank in question is Credit Suisse.

David Walker, a spokesman for Credit Suisse, said the bank is "cooperating with the authorities in their investigation of these individuals."

In echoes of the U.S. case that led to a historic settlement with Swiss banking giant UBS AG (UBS), the four bankers traveled to the U.S. to court wealthy customers and help them set up private Swiss accounts.

The indictment is with respect to the four individuals, and no criminal or civil case has been brought against the bank. Scott Michel, an attorney with Caplin and Drysdale, said if the government's evidence is strong, legal action against the bank may not be far behind. "I would not be surprised if this results in an investigation along the lines of what we saw in UBS," said Michel.

The four bankers are identified as Marco Parenti Adami, an Italian national, and Emanuel Agustoni, Michele Bergantino, and Roger Schaefer, all Swiss nationals. The indictment alleges that Adami was a member of senior management at the bank where he catered to high net worth individuals in North America and managed other bankers with similar clientele. Schaefer is alleged to have worked for the bank in New York City where he assisted taxpayers with their secret accounts.

As of the fall of 2008, the Department of Justice alleged the unnamed international bank maintained "thousands of secret accounts" for customers in the U.S. with as much as \$3 billion in total assets under management in those accounts. The conspiracy dates back to 1953, the Department of Justice said, and involved two generations of U.S. tax evaders including U.S. customers who inherited secret accounts at the bank.

If convicted, the defendants each face a maximum of five years in prison and a maximum fine of \$250,000.

Swiss banks have faced considerable pressure since the U.S. and European Union member states move to collect tax on income from undeclared accounts.

The highest-profile case involved UBS AG, which was pursued by U.S. authorities in criminal and civil courts over Swiss accounts. It eventually admitted wrongdoing, paid \$780 million to defer criminal prosecution and handed over thousands of sets of data on clients to set aside litigation.

In 2009, the IRS offered leniency to Americans who voluntarily disclosed their offshore accounts, in connection with the IRS prosecution of UBS. Information collected through that initiative helped lead to the four bankers indicted Wednesday, the indictment suggests.

"This shows that the U.S. authorities are mining the data provided by last year's taxpayer confessions and using it to go after others," says Bryan Skarlatos, an attorney with Kostelanetz & Fink in New York. "They are acquiring the data to paint a very vivid picture."

When things began to heat up with the UBS case and the IRS' voluntary disclosure initiative, the four bankers advised their clients to close their accounts and transfer their funds to smaller Swiss banks that don't do business in the U.S., according to the indictment.

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--Laura Saunders of The Wall Street Journal in New York contributed to this article.

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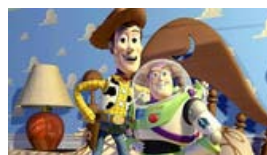
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