

Swiss Banks' DOJ Emissary Sees Tax Spats Drag on in 2015

by Giles Broom

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Sept. 23 (Bloomberg) -- Many of the more than 100 Swiss banks facing U.S. allegations that they helped Americans evade taxes will have to wait until 2015 to settle the disputes, said a lawyer who represents more than 20 of the firms.

"It will be a costly exercise that will run until spring of next year," Shelby du Pasquier, a partner at Lenz & Staehelin in Geneva, told the Euroforum private banking conference in Zurich today.

In a conversation on the sidelines of the conference, he said Julius Baer Group Ltd., Switzerland's third-largest wealth manager, and "a smaller bank" may be the next firms to reach a resolution. Du Pasquier said this was his "personal opinion," declining to identify his clients. Several of the companies he represents are under investigation and about 20 others are providing information to the U.S. to avoid criminal probes, he said.

The U.S. widened its investigation of Swiss wealth managers after UBS AG, Switzerland's biggest bank, agreed in 2009 to pay \$780 million and turn over client names to settle allegations it helped thousands of Americans evade taxes. Credit Suisse Group AG pleaded guilty to similar charges in May and agreed to pay \$2.6 billion.

Julius Baer Chief Executive Officer Boris Collardi said on July 21 he expects the bank will find a "fair and equitable solution" in the next few months. Jan Vonder Muehll, a spokesman for the Zurich-based bank, declined to comment when contacted today.

The U.S. is eager to move on to scrutinize other offshore jurisdictions such as the Bahamas, Hong Kong and Singapore, including subsidiaries of Swiss banks operating in such locations, du Pasquier told Bloomberg News. The department doesn't have the resources to process all the information it has received from banks this year, he said.

About a dozen banks in the world's largest offshore haven are under investigation, including the Swiss unit of HSBC Holdings Plc, Geneva's Pictet & Cie. Group SCA and Zuercher Kantonalbank. About 100 others have handed over client account details and are awaiting fines to avoid going to court, part of a Justice Department disclosure program. They include Union Bancaire Privee, EFG International AG and two arms of the Rothschild banking dynasty.

Du Pasquier said he made six or seven trips to the U.S. this year on behalf of "several" banks under investigation and about 20 banks embroiled in the disclosure program and he has further meetings scheduled for November. He also represents the Swiss Bankers Association, a Basel-based lobby group.

Du Pasquier is chairman of the supervisory board of Pictet and a council member of the Swiss National Bank.

More Swiss banks to settle with US DoJ in near future: official

More Swiss banks are expected to settle with the U.S. Department of Justice "in the near future" to avoid prosecution on charges of helping U.S. account holders hide their assets from the tax authorities, a senior Swiss finance ministry official said on Tuesday.

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GENEVA: More Swiss banks are expected to settle with the U.S. Department of Justice "in the near future" to avoid prosecution on charges of helping U.S. account holders hide their assets from the tax authorities, a senior Swiss finance ministry official said on Tuesday.

"The department of justice has settled a few cases recently and we are expecting more cases to be settled in the near future," Jacques de Watteville, secretary of state for international financial matters, told a news conference.

Last week Finter Bank Zurich AG agreed to pay US\$5.4 million in a deal with the Justice Department to resolve tax-related offences, becoming the third Swiss private bank this year to reach a settlement.

The settlement came under a voluntary Justice Department program launched in 2013 that enables Swiss banks to avoid prosecution by disclosing cross-border activities that helped U.S. account holders conceal assets and income.

De Watteville said Switzerland welcomed the Justice Department's aim of wrapping up all such cases, originally totaling about 100 in all, by the end of 2015.

"The sooner this is solved the better for everybody," he said.

However, a handful of banks such as Julius Baer are under formal criminal investigation and are barred from the voluntary settlement scheme.

The U.S. Ambassador to Switzerland, Suzan LeVine, said in a newspaper interview published last week that those cases were likely to stretch into next year.

(Reporting by Tom Miles; Editing by Greg Mahlich)