

Department of Justice

NEWS



Swiss Banker Pleads Guilty to Conspiring with U.S. Tax Evaders, Other Swiss Bankers and Bank Management

Defendant Helped U.S. Customers Conceal Assets in Secret Swiss Bank Accounts and Tax Havens

Wednesday, March 12, 2014

Andreas Bachmann, 56, of Switzerland, pleaded guilty today to conspiring to defraud the Internal Revenue Service (IRS) in connection with his work as a banking and investment adviser for U.S. customers.

Deputy Attorney General James Cole, Assistant Attorney General for the Justice Department's Tax Division Kathryn Keneally, Acting U.S. Attorney Dana J. Boente for the Eastern District of Virginia and IRS-Criminal Investigation Chief Richard Weber made the announcement after the plea was accepted by U.S. District Judge Gerald Bruce Lee.

"Today's plea is just the latest step in our wide-ranging investigations into Swiss banking activities and demonstrates the Department of Justice's commitment to global enforcement against those that facilitate offshore tax evasion," said Deputy Attorney General Cole. "We fully expect additional developments over the course of the coming months."

Bachmann was charged in a one-count superseding indictment on July 21, 2011, and faces a maximum penalty of five years in prison when he is sentenced on Aug. 8, 2014.

In a statement of facts filed with the plea agreement, Bachmann admitted that between 1994 and 2006, while working as a relationship manager in Switzerland for a subsidiary of an international bank, he engaged in a wide-ranging conspiracy to aid and assist U.S. customers in evading their income taxes by concealing assets and income in secret Swiss bank accounts.

As part of that conspiracy, Bachmann traveled to the United States twice each year to provide banking services and investment advice to his U.S. customers. As a matter of practice, prior to traveling to the United States, Bachmann notified his executive management, including the head of the subsidiary's private bank in Zurich and the chief executive officer of the subsidiary, of the planned trip and its objectives.

Although Bachmann had been informed of limitations under U.S. law on his ability to provide investment advice to U.S. account holders regarding U.S. securities, the highest ranking executive at the subsidiary was aware that Bachmann was violating U.S. law. According to the statement of facts, Bachmann was effectively told by the chief executive officer for the subsidiary, "Mr. Bachmann, you know what we expect of you, don't get caught."

According to the statement of facts, Bachmann also engaged in cash transactions while traveling in the United States. In the course of arranging meetings with U.S. customers, some clients would request that Bachmann either provide them with cash as withdrawals from their undeclared accounts or take cash from them as a deposit to their undeclared accounts. As part of that process, Bachmann agreed to receive cash from U.S. customers and used that cash to pay withdrawals to other U.S. clients. In one instance, Bachmann received \$50,000 in cash from one U.S. customer in New York City and intended to deliver the money to another U.S. client in Southern Florida. Airport officials in New York discovered the cash but let Bachmann keep the money after questioning him. The client in Florida refused to take the money after the client learned about the questioning by New York airport officials, and Bachmann returned to Switzerland with the \$50,000 in cash in his checked baggage. Bachmann advised the executive management of the subsidiary about the incident with the cash.

Bachmann also understood that a number of his U.S. customers concealed their ownership and control of foreign financial accounts by holding those accounts in the names of nominee tax haven entities, or structures, which were frequently created in the form of foreign partnerships, trusts, corporations or foundations.

Bachmann dealt with Josef Dörig, a co-defendant, regarding the formation and/or maintenance of structures for U.S. customers, among others. In approximately 1997, the international bank instructed Dörig to form his own company specializing in the formation and management of nominee tax haven entities because it was “too risky” to have Dörig perform that work from inside the international bank. The international bank then directed the subsidiary and others to use Dörig and his Swiss trust company, Dörig Partner AG, as the preferred choice for the formation and management of structures.

This case is being investigated by IRS-Criminal Investigation. Assistant U.S. Attorney Mark D. Lytle and Tax Division Trial Attorneys Mark F. Daly, Nanette L. Davis and Jason Poole are prosecuting the case.

A copy of this press release may be found on [this website](#) for the United States Attorney’s Office for the Eastern District of Virginia. Related court documents and information may be found on the website of the District Court for the Eastern District of Virginia [here](#) and [here](#).