

Swisspartners pays US\$4.4 million to avoid US tax fraud charges
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Swisspartners said today it would pay a US\$4.4-million (RM14 million) fine to avoid prosecution over its past assistance to US tax dodgers, with Washington hailing the asset manager for its "extraordinary cooperation."

"The US tax issue is resolved," the Zurich-based asset manager's parent company the Lichtensteinische Landesbank (LLB Vaduz) said in a statement. Swisspartners and the US Justice Department had signed a "non-prosecution agreement" yesterday, Liechtenstein's oldest bank said, stressing that provisions had already been made to cover the multi-million-dollar fine and it would not impact the asset manager's earnings.

The agreement is part of a US push to find tax dodgers and punish the banks that help them.

Fourteen Swiss banks, including Credit Suisse, the country's second-biggest, are officially under US criminal investigation, while many others are opting to acknowledge past wrongs and accept fines to avoid prosecution.

According to US authorities, Swisspartners had between 2001 and 2011 assisted US clients "in opening and maintaining undeclared foreign bank accounts," leading to an approximate loss to the US taxman of US\$900,000. Under the agreement signed yesterday, the company will compensate that amount, as well as US\$3.5 million more representing the fees it earned in helping US clients skirt the law.

"Swisspartners doesn't have to pay any other fines or financial penalties," spokesman Cyrill Sele told AFP by email.

US Deputy Attorney General James Cole hailed the company, which had voluntarily handed over around 110 files on clients who were not compliant with US tax laws.

"The extraordinary cooperation of Swisspartners has enabled us to identify US tax cheats who have hidden behind phony offshore trusts and foundations," he said in a Justice Department document.

LLB Vaduz meanwhile said that now that the US tax issue had been resolved it would move ahead with its previously announced plans to sell off its subsidiary.

Saturday's announcement came as Credit Suisse is expected soon to be slapped with fines of at least \$1.0 billion, as well as possible criminal charges.

A damning US Senate report found that Credit Suisse at its peak in 2006 had more than 22,000 US customers with Swiss accounts whose assets stood as high as US\$12 billion – mainly undeclared to US tax authorities.

Chief executive Brady Dougan apologised in February to US senators for the bank's actions, conceding it had undertaken elaborate efforts to gain new, secret American clients, but blamed the wrongdoing on a small band of rogue employees.

In 2009, Switzerland's largest bank UBS was forced to acknowledge it had used Swiss banking secrecy laws to help its US clients avoid paying taxes at home, and had to dish out a US\$780-million fine to US tax authorities. – AFP, May 10, 2014.

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