

***United States Senate***  
***PERMANENT SUBCOMMITTEE ON INVESTIGATIONS***  
***Committee on Homeland Security and Governmental Affairs***

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*Carl Levin, Chairman*

*Tom Coburn, Ranking Minority Member*

**EMBARGOED UNTIL 10:00PM EST**

March 3, 2009

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***Permanent Subcommittee on Investigations***  
***To Examine Swiss Secrecy and Banking Practices***

WASHINGTON – At Wednesday’s hearing entitled, ***Tax Haven Banks and U.S. Tax Compliance - Obtaining the Names of U.S. Clients with Swiss Accounts***, the U.S. Senate Permanent Subcommittee on Investigations will continue its examination of financial institutions located in offshore tax havens that use an array of deceptive practices to facilitate tax dodging by U.S. clients.

“UBS has admitted to conspiring with certain U.S. taxpayers to defraud the United States of tax revenues and paid a \$780 million fine,” said Sen. Carl Levin, D-Mich., Subcommittee Chairman. “Now UBS and the Swiss are fighting our government’s efforts to identify and recover unpaid taxes from the tens of thousands of U.S. tax cheats who hid \$18 billion in income and assets in UBS Swiss accounts. The Swiss are continuing their centuries old tradition of hiding foreign wealth, which denies our government resources and offloads our tax burden onto the backs of honest taxpayers. The Swiss actions show how weak our tax treaties are in protecting U.S. interests. It’s time to strengthen U.S. offshore tax enforcement to stop tax haven banks that facilitate tax evasion and offshore tax abuses that are burning a \$100 billion hole through the U.S. budget.”

In July 2008, the Subcommittee held a hearing that examined actions taken by UBS, a major financial institution headquartered in Switzerland. UBS representatives told the Subcommittee that an estimated 19,000 U.S. clients had nearly \$18 billion in assets in Swiss accounts that had not been disclosed to the U.S. Internal Revenue Service (IRS). Two weeks ago, UBS entered into a Deferred Prosecution Agreement with the U.S. Government in which it admitted conspiring to help U.S. clients conceal assets from the IRS, paid a fine, and promised not to open accounts for U.S. clients without notifying the IRS. At the same time, UBS is contesting a John Doe summons filed by the United States in federal court to obtain the names of all U.S. clients with Swiss accounts that were not disclosed to the United States.

While some U.S. client information has been provided to the U.S. Government through the Deferred Prosecution Agreement, none of the information on the thousands of accounts sought by the IRS through the John Doe summons proceeding and through a

request made under the U.S.-Swiss tax treaty have been provided. The Swiss Government has indicated that it is determined to defend bank secrecy against U.S. efforts to obtain all such client names.

Wednesday's hearing will examine the status of the John Doe summons proceeding to obtain the names of U.S. clients with Swiss accounts, the effectiveness of the U.S.-Swiss tax treaty, and the effect of Swiss secrecy laws on pending U.S. information requests. Witnesses at the hearing are representatives from the U.S. Department of Justice, the IRS, and UBS.

Earlier this week, Levin introduced legislation, the Stop Tax Haven Abuse Act, S. 506, to strengthen U.S. tax laws against offshore tax offenders. A companion bill was introduced in the House. The bills are similar to a Levin bill that was cosponsored by President Obama in the last Congress.

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