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Whistleblower Bradley Birkenfeld: Some U.S. pols kept off-shore accounts with UBS

Juan Gonzalez - News

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A former banker who blew the whistle on thousands of secret bank accounts rich Americans held at Swiss giant UBS claimed Thursday some U.S. politicians also kept off-shore accounts with the bank.

"We had an office in Washington that we all referred to as the PEP office - for 'Politically Exposed People,'" Bradley Birkenfeld said.

He was speaking by phone - on tax day, no less - from Schuylkill County federal prison in Pennsylvania, where he is serving a 40-month sentence for his role in the tax evasion scheme.

"Only top managers from the bank knew the names of the political clients," Birkenfeld said.

Executives from the bank's U.S. subsidiary, UBS America, he added, helped promote those off-shore accounts through a New York "referral desk" that steered U.S. clients to their Swiss colleagues, and through dozens of high society events that the U.S. subsidiary often sponsored.

"We have no knowledge of this allegation," Karina Byrne, a spokeswoman for the Swiss bank's U.S.

subsidiary, UBS America, said of the Washington office claim. "We are unaware of its having been raised previously."

Byrne added that "no U.S. or Americas management [of UBS] were implicated" in the tax evasion scheme.

Birkenfeld spoke even as his lawyers were filing a petition with the Justice Department seeking clemency from President Obama.

Whistleblower advocates across the country regard the government's treatment of Birkenfeld as a colossal disgrace. After all, federal prosecutors admit the information he voluntarily provided them in 2007 led to their uncovering the biggest tax fraud in U.S. history.

UBS pleaded guilty last year to conspiring to defraud the government and helping U.S. clients hide up to \$20 billion in assets from the IRS.

The bank admitted that between 2000 and 2007 as many as 50 of its bankers traveled to this country from Switzerland every few months. None of them, including Birkenfeld, a U.S. citizen, was licensed to transact business in this country. They came with encrypted computers and met with each client to service accounts.

The bank even trained its bankers in avoiding detection by U.S. regulators.

UBS agreed to pay a \$780 million fine, closed down its cross-border U.S. business and subsequently promised in a deal with Attorney General Eric Holder to turn over the names of 4,500 of some 19,000 American clients.

That agreement has rocked the entire Swiss banking system, and the Swiss government has yet to

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Birkenfeld's sensational revelations touched off a stampede by rich Americans to declare their off-shore accounts. Nearly 15,000 people stepped forward to the IRS last year, many of them paying back taxes or fines, compared with only 100 in a normal year.

About a half-dozen former UBS clients have since been convicted of criminal tax evasion. And yesterday, the Justice Department announced the arrest or indictment of another seven.

In almost every case, the culprits have escaped with virtually no time behind bars.

Nor has any executive of UBS been brought to justice. The harshest sentence has gone to whistleblower Birkenfeld.

Prosecutors say that's because he withheld information about his own dealings with [California](#) billionaire [Igor Olenicoff](#), a former UBS client who pleaded guilty in 2007 to tax charges and paid a \$52 million fine and received probation.

Birkenfeld has provided e-mail correspondence, however, that shows he did give information on Olenicoff to both the IRS and a [U.S. Senate Committee](#) investigating off-shore bank accounts.

Instead of scapegoating the guy who broke this fraud case wide open, the government should start tracking down the biggest clients, politicians and top UBS executives at the center of it all.

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