



UBS whistleblower Birkenfeld begins prison term

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By Jon Hurdle

MINERSVILLE, Pennsylvania (Reuters) - Bradley Birkenfeld, the former UBS AG banker who became the whistleblower in the U.S. government's tax probe of the Swiss bank, on Friday began a 40-month prison term that he had sought to reduce and delay.

Birkenfeld, 44, pleaded guilty in June to conspiring to defraud the United States by helping a billionaire real estate developer hide \$200 million from U.S. tax authorities. He cooperated with investigators seeking to find other wealthy Americans who used Swiss bank accounts to evade U.S. taxes.



"I would like to say how proud I am to be courageous enough to come forward and do what I did to expose the largest tax fraud in the world," an angry Birkenfeld told reporters in a snowstorm at the entrance to Schuylkill County Federal Correctional Institution in central Pennsylvania.

Wearing a red windbreaker and tan pants, Birkenfeld spoke at a brief news conference before surrendering to prison authorities to begin his sentence.

He attacked federal prosecutors under former President George W. Bush for prosecuting him even after he cooperated with investigators to expose tax fraud by thousands of Americans using the secretive Swiss banking system.

"The American taxpayer should be outraged," he said. "And this is what I'm getting, an indictment from the Bush Department of Justice. You can draw your own conclusions."

Last February, UBS accepted a \$780 million penalty and admitted to criminal wrongdoing for helping U.S. taxpayers hide accounts from the Internal Revenue Service.

The Swiss bank later agreed to give the names of 4,450 American clients to investigators.

"CHILLING" EFFECT

Birkenfeld's lawyer Stephen Kohn, who attended the news conference, said his client's conviction and imprisonment would have a "chilling" effect on other bankers who might consider exposing tax fraud.

"To take the whistleblower who was responsible for the single largest recovery for American taxpayers ... and put him in jail is a travesty of justice, a miscarriage of justice," Kohn said. "It's grotesque."

The 40-month sentence imposed in August by U.S. District Judge William Zloch in Fort Lauderdale, Florida, was more severe than the 30 months requested by prosecutors and the probation that Birkenfeld sought.

Kohn had sought to reduce and postpone the prison term, saying his client was prepared to cooperate further with authorities, but Zloch rejected that request on Monday.

A day later, Birkenfeld's lawyers asked the government to probe Justice Department lawyers for allegedly making false statements about the case.

Prosecutors have previously contended that Birkenfeld was unwilling to give details of work he personally did for a client, California billionaire Igor Olenicoff, who pleaded guilty to tax evasion.

(Reporting by Jon Hurdle; Writing by Jonathan Stempel; Editing by Toni Reinhold)

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