

# NEWS

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U.S. Attorney, District of New Jersey  
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***PAUL J. FISHMAN, U.S. Attorney***

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## **Former UBS Client Pleads Guilty to Failing to Report Over \$1 Million in Swiss Bank Accounts**

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NEWARK, N.J. - An Oradell, New Jersey man pleaded guilty today a federal charge of failing to file a Report of Foreign Bank and Financial Accounts (“FBAR”), admitting he concealed over \$1 million in Swiss bank accounts, United States Attorney Paul J. Fishman and Acting Assistant Attorney General John A. DiCicco of the Justice Department’s Tax Division announced.

Harry Abrahamsen made his first appearance in federal court and pleaded guilty before U.S. District Judge Dennis M. Cavanaugh to a one-count Information which charges him with willful failure to file an FBAR.

At his plea hearing, Abrahamsen admitted that he failed to file an FBAR for calendar year 2005. Abrahamsen also failed to report his account at UBS AG in Switzerland on his individual income tax return for that year, and failed to report a second account opened in his daughter’s name. Additionally, Abrahamsen failed to report income deposited in and earned on the UBS bank accounts. The UBS accounts, originally opened in 1992, were transferred into the name of Primrose Properties, S.A., a nominee Panamanian corporation, in 2000. Abrahamsen established Primrose in early 2000 with the assistance of a Swiss lawyer and Swiss banker, in order to hide these accounts from the IRS.

Abrahamsen also admitted that he funded the UBS accounts with approximately \$1.3 million in false and inflated expenses paid by his pre-press printing business, SJT Imaging, Inc., to a Swiss company. The inflated expenses were then deducted on SJT Imaging, Inc.’s corporate tax returns, which allowed Abrahamsen to under-report personal income for the years 1999, 2000, 2001, 2002 and 2003.

Judge Cavanaugh released the defendant on a \$300,000 bond pending sentencing, which is scheduled for July 27, 2010. At sentencing, Abrahamsen faces a maximum potential penalty of five years in prison and a maximum fine of \$250,000 or twice the amount of financial gain to the defendant or loss to the IRS. Additionally, Abrahamsen has agreed to pay a 50% civil FBAR penalty for the year, of the calendar year between 1999 and 2007 in which his UBS account had the highest balance.

In February 2009, UBS entered into a deferred prosecution agreement pursuant to which the bank admitted to helping U.S. taxpayers hide accounts from the IRS. As part of that agreement, UBS provided the United States government with the identities of, and account information for, certain U.S. customers of UBS’s cross-border business.

Since the spring of 2009, a number of UBS clients have entered into plea agreements with the U.S. Department of Justice, accepting responsibility for their failure to report money held in UBS Swiss bank accounts. In September 2009, another New Jersey resident and UBS client, Juergen Homann of Saddle River, pleaded guilty to failing to file an FBAR.

United States citizens who have an interest in, or signature or other authority over, a financial account in a foreign country with assets in excess of \$10,000 are required to disclose the existence of such account on Schedule B, Part III of their individual income tax return. Additionally, U.S. citizens must file an FBAR with the United States Treasury, disclosing any

financial account in a foreign country with assets in excess of \$10,000 in which they have a financial interest, or for which they have signature or other authority.

In determining an actual sentence, Judge Cavanaugh will consult the advisory United States Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining the sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Fishman and DiCicco commend the Special Agents of the Internal Revenue Service, under the direction of William P. Offord in Springfield, who investigated the case. Assistant United States Attorney Stacey A. Levine and Trial Attorney Michael C. Vasiliadis of the Department of Justice's Tax Division are prosecuting the case.

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Defense Counsel: Caroline Rule, Esq., New York, New York