

NEWS

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FOR IMMEDIATE RELEASE

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UBS Client Pleads Guilty to Failing to Report \$6.1 Million in Swiss Bank Accounts

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NEWARK – A Saddle River, N.J., man pleaded guilty today to a federal charge of failing to file a Report of Foreign Bank or Financial Accounts, admitting he concealed approximately \$6.1 million in Swiss bank accounts, Acting U.S. Attorney Ralph J. Marra, Jr., and Acting Assistant Attorney General John A. DiCicco, of the Justice Department’s Tax Division announced.

Juergen Homann, 66, made his first appearance in federal court and pleaded guilty before U.S. District Judge Stanley R. Chesler to a one-count Information that charges him with willful failure to file a report of foreign bank and financial accounts. Judge Chesler released the defendant on a \$400,000 cash bond pending sentencing, which is scheduled for Jan 6.

At his plea hearing, Homann admitted that he failed to file a Report of Foreign Bank and Financial Accounts, more commonly referred to as an FBAR, for calendar year 2007. Homann also failed to report his account at UBS AG in Switzerland on his individual income tax return for 2007, he admitted. Additionally, Homann failed to report income earned on his UBS bank account. The UBS account, originally opened in the late 1980's in the name of a Liechtenstein foundation, was transferred into the name of ELM Finance Limited, a nominee Hong Kong corporation. Homann admitted that he established ELM Finance Limited with the assistance of Swiss lawyer, Matthias Rickenbach, who was indicted in August 2009 for conspiring to defraud the United States. From 2001 through 2008, Homann held approximately \$6.1 million in assets in the ELM Finance Limited account at UBS in Switzerland, he admitted

According to court documents and statements made in court, in 2005, Homann, with the assistance of Rickenbach and a Swiss banker, conducted a sham loan by transferring \$5 million from an account in the name ELM Finance Limited to a second Hong Kong entity in order to obtain financing for Homann’s United States business without alerting authorities that he controlled the assets in the ELM Finance Limited Account at UBS. Further, Rickenbach and a Swiss banker persuaded the defendant not to seek out and enter into the IRS’s Voluntary Disclosure program.

“As the IRS voluntary disclosure program enters its final few weeks, those who are hiding income and assets in offshore accounts would be well-advised to promptly come in and come clean before the government learns about their accounts through other channels,” said DiCicco. “Those who think they can ‘stay below the radar’ face a real risk of prosecution and jail if convicted, and they will still owe the taxes due, together with interest and civil penalties.”

“For those who are not participating in the Voluntary Disclosure Program, we are working very closely with the Tax Division and the IRS to investigate and prosecute cases where individuals have sought to hide assets and income offshore,” Marra said.

"The IRS is serious about pursuing people with hidden offshore accounts, and we are stepping up our international efforts," said IRS Commissioner Doug Shulman. "People should make sure they meet their filing requirements. Failure to do so can carry serious

consequences. We encourage people who have been hiding money offshore to come forward by Oct. 15 to take advantage of the special provisions in our voluntary disclosure effort."

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 their agreement, UBS provided the United States government with the identities of, and account information for, certain United States customers of UBS's cross-border business.

In June 2009, UBS client Steven Michael Rubinstein, a Boca Raton accountant, pleaded guilty to filing a false tax return. In April 2009, another UBS client, Robert Moran, a Ft. Lauderdale yacht broker, pleaded guilty to filing a false tax return. In July 2009, UBS client Jeffrey Chernick, of Stanfordville, N.Y., pleaded guilty to filing a false tax return. In August 2009, UBS client John McCarthy, of Malibu, Cali., pleaded guilty to failing to report his ownership of and interest in a foreign financial account.

Homann faces a maximum sentence of five years in prison and a fine of \$250,000 or twice the amount of pecuniary gain to the defendant or loss to the IRS. Additionally, Homann has agreed to pay a civil FBAR penalty based on 50% of the highest balance contained in the UBS account.

In determining an actual sentence, Judge Chesler will consult the advisory U.S. 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 a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

DiCicco and Marra commended the IRS agents who investigated the case, and Trial Attorney Michael P. Ben' Ary of the Tax Division and Assistant U.S. Attorney Marc-Philip Ferzan who are prosecuting the case.

U.S. 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, United States citizens must file a Report of Foreign Bank and Financial Accounts, or F-Bar, with the United States Treasury, disclosing any financial account in a foreign country with assets in excess of \$10,000 for which they have a financial interest in or signature authority, or other authority over.

– end –

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