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**FORMER UBS CLIENT PLEADS GUILTY IN MANHATTAN FEDERAL
COURT TO HIDING \$4.9 MILLION IN SWISS BANK ACCOUNTS**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ERNEST VOGLIANO, a former client of the Swiss bank UBS AG ("UBS"), pled guilty in Manhattan federal court today to filing false federal income tax returns and conspiring to defraud the Internal Revenue Service ("IRS") by hiding \$4.9 million at UBS. As part of his plea agreement with the Government, VOGLIANO, 80, of Manhattan, will pay a civil penalty of \$940,381, an amount equal to 50 percent of the total value of his unreported foreign accounts as of December 31, 2004. VOGLIANO was one of seven U.S. taxpayers charged in April 2010 with filing false tax returns and related crimes in order to hide overseas bank accounts from the IRS. He is the fourth individual to plead guilty in relation to this conduct in the Southern District of New York.

Manhattan U.S. Attorney PREET BHARARA said: "As he has now admitted, instead of paying his taxes like a law abiding citizen, Ernest Vogliano went to extreme lengths to hide his income at UBS and other offshore banks. When he should have been filing tax returns, he was instead stuffing his pockets with travelers checks, and even sending money to himself in self-addressed envelopes. Vogliano is the fourth defendant to plead guilty to similar charges in Manhattan federal court, and we will continue to work with our partners at the IRS and the Department of Justice's Tax Division to prosecute those who use offshore banks to hide their money."

According to the Indictment filed in Manhattan federal court, other court documents, and statements made in connection with the guilty plea proceeding before U.S. District Judge THOMAS P. GRIESA:

Under federal law, U.S. taxpayers are obligated to report their worldwide income when filing Individual Income Tax Returns. Taxpayers who have a financial interest in, or authority over, a financial account in a foreign country with an aggregate value of more than \$10,000, at any time during a particular year are required to file a Report of Foreign Bank and Financial Accounts ("FBAR") with the IRS.

From at least 2000 to 2008, UBS helped U.S. taxpayers conceal their Swiss-based accounts, and the income earned in those accounts, from the IRS through its "U.S. cross-border banking business." UBS and the U.S. taxpayers, assisted by independent Swiss attorneys and financial advisers, hid these assets from the IRS by listing sham offshore companies as the account holders of UBS accounts, when in fact the U.S. taxpayers actually owned and controlled the accounts.

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

In 2000 and 2002, VOGLIANO opened UBS accounts in the name of Liechtenstein and Hong Kong shell corporations. As of December 31, 2000, he held approximately \$4.9 million at UBS in Switzerland. Following the widespread publication of news reports concerning the Government's criminal investigation of UBS, VOGLIANO transferred \$1 million from UBS to a Liechtenstein-based bank that did not have offices in the United States. In addition, VOGLIANO regularly traveled from the United States to UBS's offices in Zurich to withdraw hundreds of thousands of dollars from his UBS accounts in the form of travelers checks. On at least one occasion, VOGLIANO mailed travelers checks in separate envelopes to himself in New York, New York, to evade detection by U.S. law enforcement authorities.

VOGLIANO failed to report the existence of, and any income earned in, these accounts on his federal income tax filings for calendar years 2003 through 2007. He also failed to file FBARs relating to the accounts.

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The conspiracy charge carries a maximum penalty of 5 years in prison and each count of subscribing to a false tax return carries a maximum penalty of 3 years in prison. VOGLIANO will be sentenced by Judge GRIESA on March 24, 2011.

Mr. BHARARA praised the work of the IRS, and thanked the U.S. Department of Justice's Tax Division and the New York County District Attorney's Office for their significant assistance. He added that the investigation is continuing.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorneys DAVID B. MASSEY and THOMAS G.A. BROWN are in charge of the prosecution.

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