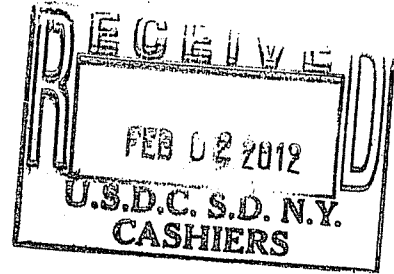


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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA, :

Plaintiff, :

-v.- : 12 Civ.

ALL FUNDS ON DEPOSIT AT UBS AG, : VERIFIED COMPLAINT
ACCOUNT NO. 101-WA-358967-000,
HELD IN THE NAME OF WEGELIN & CO., :

Defendants *in rem.* :

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Plaintiff United States of America, by its attorney,
PREET BHARARA, United States Attorney for the Southern District
of New York, for its Verified Complaint alleges, upon information
and belief, as follows:

I. NATURE OF THE ACTION

1. This an action by the United States of America
seeking forfeiture of all funds, approximately \$16.2 million, on
deposit at UBS AG, Account No. 101-WA-358967-000, held in the
name of Wegelin & Co. (the "Defendant Funds"). The Defendant
Funds are subject to forfeiture pursuant to 18 U.S.C. §
981(a)(1)(A), as property involved in transactions in violation
of 18 U.S.C. § 1956.

2. The Internal Revenue Service, Criminal Investigation ("IRS-CI") has conducted an investigation regarding a conspiracy among Wegelin & Co. ("Wegelin"), more than 100 U.S. taxpayer-clients of Wegelin, and others known and unknown to defraud the United States of certain taxes due and owing, among other things, concealing from the Internal Revenue Service ("IRS") undeclared accounts owned by U.S. taxpayers at Wegelin and other Swiss banks. As set forth below, it was part of this scheme to provide U.S. taxpayer-clients of Wegelin and other Swiss banks who had undeclared accounts in Switzerland access to their undeclared funds in the United States in a manner that obscured the source of these funds, that is, the U.S. taxpayer-clients' undeclared accounts in Switzerland. To promote and further this scheme to defraud, Wegelin and other Swiss banks used Wegelin's correspondent bank account in the United States to launder undeclared funds from Switzerland to U.S. taxpayer-clients in a manner that facilitated the continued concealment of these undeclared accounts from the IRS. The high volume of other transactions and other funds moving in and out of Wegelin's correspondent account contemporaneously with the laundering of these undeclared assets helped to facilitate these money laundering transactions by making their true nature more difficult to detect and to lend these transactions an aura of legitimacy.

II. JURISDICTION AND VENUE

3. This Court has jurisdiction pursuant to 28 U.S.C. §§ 1345 and 1355.

4. Venue is proper pursuant to 28 U.S.C. § 1355(b)(1)(A) because acts and omissions giving rise to the forfeiture took place in the Southern District of New York.

III. PROBABLE CAUSE FOR FORFEITURE

Background

Wegelin Bank and Its Co-Conspirators

5. At all times relevant to this Complaint, Wegelin was a Swiss private bank with offices only in Switzerland. Its headquarters were located in the city of St. Gallen. Wegelin provided private banking, asset management, and other services to individuals and entities around the world, including U.S. taxpayers in the Southern District of New York. Wegelin provided these services through "client advisors" based in its various branches in Switzerland ("Client Advisors"). Wegelin was principally owned by a small group of managing partners ("Managing Partners") and was governed by an executive committee that included the Managing Partners (the "Executive Committee"). Wegelin did not maintain an office or branch in the United States, but it directly accessed the U.S. banking system through a correspondent bank account, Account No. 101-WA-358967-000, held

at UBS AG ("UBS") in Stamford, Connecticut (the "Stamford Correspondent Account").

6. From at least in or about 2008 up through and including at least in or about 2010, Michael Berlinka ("Berlinka") worked as a Client Advisor at Wegelin's Zurich branch (the "Zurich Branch").

7. From at least in or about 2006 up through and including in or about 2010, Urs Frei ("Frei") worked as a Client Advisor at Wegelin's Zurich Branch.

8. From at least in or about 2007 up through and including in or about 2010, Roger Keller ("Keller"), worked as a Client Advisor at Wegelin's Zurich Branch. When Keller was out of the office and could not communicate with, or provide services to his U.S. taxpayer-clients, Frei served as his backup, and vice versa.

9. On or about January 3, 2012, Keller, Frei, and Berlinka were indicted by a federal grand jury in the Southern District of New York for conspiring to defraud the United States of America and an agency thereof, the IRS, and to commit offenses against the United States, to wit, violations of Title 26, United States Code, Sections 7206(1) and 7201. See United States v. Berlinka, et al., 12 Cr. 2 (JSR) (attached hereto as Exhibit A and incorporated by reference herein).

10. From in or about 2005 up through and including in or about 2010, Client Advisor A, a co-conspirator, worked as a Client Advisor at the Zurich Branch. At various times, Client Advisor A also served as the "team leader" of Berlinka, Frei, and Keller, and other Client Advisors of the Zurich Branch. As a team leader, Client Advisor A coordinated certain activities of, but did not supervise, these and other Client Advisors.

11. From in or about 2007 up through and including in or about 2011, Managing Partner A, a co-conspirator, was one of the Managing Partners of Wegelin. From in or about 2005 up through and including in or about 2011, Managing Partner A was the head of Wegelin's Zurich Branch. During that period, Managing Partner A supervised Berlinka, Frei, and Keller, Client Advisor A, and other Client Advisors in the Zurich Branch with respect to, among other things, the opening and servicing of "undeclared accounts" for U.S. taxpayers. Undeclared accounts are bank and securities accounts for U.S. taxpayers in which the assets, and the income generated in them, were not reported by the U.S. taxpayers to the taxation authority of the United States, the IRS.

12. From in or about 2008 up through and including in or about 2012, Executive A, a co-conspirator, was a member of the Executive Committee of Wegelin. At all times relevant to this Complaint, Executive A worked primarily at the Zurich Branch.

13. At all times relevant to this Complaint, Beda Singenberger ("Singenberger"), a co-conspirator, owned, operated, and controlled an investment advisory business based in Zurich called Sinco Treuhand AG ("Sinco Trust"). Beginning at least in or about 2000, Singenberger, through Sinco Trust, served as an independent asset manager for various U.S. taxpayers who held undeclared accounts at Wegelin, UBS, and other Swiss banks. Singenberger helped U.S. taxpayers hide such accounts, and the income generated therein, by, among other things, creating sham corporations and foundations for U.S. taxpayers as vehicles through which the U.S. taxpayers could hold their undeclared accounts at UBS, Wegelin, and other Swiss private banks, and by serving as the asset manager for U.S. taxpayers who held undeclared accounts at these banks. From at least in or about 2002 to in or about 2006, Singenberger regularly traveled to the Southern District of New York and other places in the United States to meet with his U.S. taxpayer-clients with undeclared accounts at UBS, Wegelin, and other Swiss private banks.

14. From in or about the mid-1990s up through and including in or about late 2008, Gian Gisler ("Gisler"), a co-conspirator, worked as a client advisor at UBS in Switzerland. From in or about early 2009 up through and including in or about mid to late 2009, Gisler served as an independent asset manager at a Swiss asset management firm ("Swiss Asset Manager A") for

U.S. taxpayers who held undeclared accounts at Wegelin, UBS, and other Swiss banks. Gisler managed and/or assisted in opening at least seven undeclared accounts for U.S. taxpayers at Wegelin. At all times relevant to this Complaint, Swiss Asset Manager A did not maintain an office in the United States.

15. At all times relevant to this Complaint, Swiss Bank C and Swiss Bank D were other banks in Switzerland that held undeclared accounts for U.S. taxpayers. As set forth more fully below, Swiss Bank C and Swiss Bank D used Wegelin's correspondent account to provide its U.S. taxpayer-clients access to their undeclared funds.

**Obligations of United States Taxpayers
With Respect to Foreign Financial Accounts**

16. At all times relevant to this Indictment, citizens and residents of the United States who had income in any one calendar year in excess of a threshold amount ("U.S. taxpayers") were required to file a U.S. Individual Income Tax Return, Form 1040 ("Form 1040"), for that calendar year with the IRS. On Form 1040, U.S. taxpayers were obligated to report their worldwide income, including income earned in foreign bank accounts. In addition, when a U.S. taxpayer completed Schedule B of Form 1040, he or she was required to indicate whether "at any time during [the relevant calendar year]" the filer had "an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or

other financial account," and if so, the U.S. taxpayer was required to name the country.

17. In addition, U.S. taxpayers who had a financial interest in, or signature or other authority over a foreign bank account with an aggregate value of more than \$10,000 at any time during a particular calendar year were required to file with the IRS a Report of Foreign Bank and Financial Accounts, Form TD F 90-22.1 ("FBAR") on or before June 30 of the following year. In general, the FBAR required that the U.S. taxpayer filing the form identify the financial institution with which the financial account was held, the type of account (either bank, securities, or other), the account number, and the maximum value of the account during the calendar year for which the FBAR was being filed.

**The Nature and Risks of Correspondent Banking
and Wegelin's Correspondent Account at UBS**

18. As reported in a 2001 investigative report published by the Minority Staff of the Senate Permanent Subcommittee on Investigations entitled Correspondent Banking: A Gateway For Money Laundering:

Correspondent banking is the provision of banking services by one bank to another bank. It is a lucrative and important segment of the banking industry. It enables banks to conduct business and provide services for their customers in jurisdictions where the banks have no physical presence. For example, a bank that is licensed in a foreign country and has no office in the United States may want to provide certain services in the United States for its customers in order [to] attract or retain the business of important clients with U.S. business activities. Instead of bearing the costs of licensing, staffing and operating its own offices in the United States, the bank might open a correspondent account with an existing U.S. bank. By establishing such a relationship, the foreign bank, called a respondent, and through it, its customers, can receive many or all of the services offered by the U.S. bank, called the correspondent.

Today, banks establish multiple correspondent relationships throughout the world so they may engage in international financial transactions for themselves and their clients in places where they do not have a physical presence. Many of the largest international banks located in the major financial centers of the world serve as correspondents for thousands of other banks. Due to U.S. prominence in international trade and the high demand for U.S. dollars due to their overall stability, most foreign banks that wish to provide international services to their customers have accounts in the United States capable of transacting business in U.S. dollars. Those that lack a physical presence in the U.S. will do so through correspondent accounts, creating a large market for those services.

Correspondent Banking: A Gateway For Money Laundering (Feb. 2001).

19. Because foreign financial institutions may not be subject to oversight by U.S. regulatory authorities, providing these foreign financial institutions access to the U.S. financial system through the correspondent banking system increases the risk of money laundering. In order to combat these risks, among other means, Federal Financial Institutions Examination Council ("FFIEC") publishes The Bank Secrecy Act/Anti-Money Laundering Handbook (the "Handbook"), a publication that helps identify money-laundering risks and establishes guidelines for U.S. financial institutions to mitigate those risks. In terms of correspondent accounts, the Handbook explains their inherent money-laundering risk and how criminal elements such as drug traffickers have used them to launder funds. The Handbook further explains:

Because of the large amount of funds, multiple transactions, and the U.S. bank's potential lack of familiarity with the foreign correspondent financial institution's customer, criminals and terrorists can more easily conceal the source and use of illicit funds. Consequently, each U.S. bank, including all overseas branches, offices, and subsidiaries, should closely monitor transactions related to foreign correspondent accounts.

Handbook, Correspondent Accounts (Foreign) — Overview.

20. The Handbook also explains the danger of "nested" foreign correspondent accounts. "Nested accounts occur when a

foreign financial institution gains access to the U.S. financial system by operating through a U.S. correspondent account belonging to another foreign financial institution." These nested accounts pose a further money-laundering risk because they provide additional foreign financial institutions access to the U.S. financial system and make it more difficult to identify the source and nature of the funds being sent to or from a correspondent account at a U.S. financial system.

21. Because of the heightened risk of money laundering through correspondent accounts, the U.S.A. Patriot Act and related regulations impose certain obligations on U.S. financial institutions housing correspondent accounts for foreign financial institutions to guard against money laundering. As explained in the Handbook:

Due diligence policies, procedures, and controls must include each of the following:

- Determining whether each such foreign correspondent account is subject to [Enhanced Due Diligence].
- Assessing the money laundering risks presented by each such foreign correspondent account.
- Applying risk-based procedures and controls to each such foreign correspondent account reasonably designed to detect and report known or suspected money laundering activity, including a periodic review of the correspondent account activity sufficient to determine consistency with information obtained about the type, purpose, and anticipated activity of the account.

Handbook, Foreign Correspondent Account Recordkeeping and Due Diligence – Overview.

22. Since at least the late 1990s, Wegelin has had a correspondent bank account with UBS in Stamford, Connecticut. Through this correspondent relationship, Wegelin could wire funds from Switzerland to the Stamford Correspondent Account in the United States and, in turn, wire funds from the Stamford Correspondent Account to other accounts in the United States or to accounts overseas. Wegelin also had the ability to issue checks drawn on the Stamford Correspondent Account. These checks functioned like any check drawn on an account at a U.S. financial institution and could be deposited, or cashed for U.S. dollars, at other financial institutions.

23. Wegelin also offered nested correspondent services to other Swiss banks, including Swiss Bank C and Swiss Bank D, two Swiss banks that also held undeclared accounts for U.S. taxpayers. These additional Swiss banks were able to have Wegelin issue checks drawn on the Stamford Correspondent Account on their behalf. Swiss Bank C used this nested relationship, despite the fact that Swiss Bank C maintained its own correspondent account with UBS in the United States, which allowed it to conduct wire transactions in the United States, but did not include check-writing abilities.

Overview of Wegelin and Its Co-Conspirators' Mail
and Wire Fraud Scheme to Defraud the United States

24. From at least in or about 2005 up through and including in or about 2011, more than 100 U.S. taxpayer-clients of Wegelin and other Swiss banks, conspired with, at various times, Wegelin and many of Wegelin's employees, including Berlinka, Frei, Keller, Managing Partner A, Executive A, Client Advisor A, other Client Advisors at Wegelin, Swiss Bank C and Swiss Bank D, and others known and unknown, to defraud the United States of certain taxes due and owed by concealing from the IRS undeclared accounts owned by U.S. taxpayers at Wegelin and other Swiss Banks including Swiss Bank C and Swiss Bank D. As of in or about 2010, the total value of such undeclared accounts at Wegelin alone was at least \$1.2 billion. In particular, Client Advisors at Wegelin, including Berlinka, Frei, and Keller, and others opened dozens of new undeclared Wegelin accounts for U.S. taxpayers in or about 2008 and 2009 after UBS and another large international bank based in Switzerland ("Swiss Bank B") closed their businesses servicing undeclared accounts for U.S. taxpayers ("the U.S. cross-border banking businesses") in the wake of widespread news reports in Switzerland and the United States that the U.S. Department of Justice was investigating UBS for helping U.S. taxpayers evade taxes and hide assets in Swiss bank accounts. These Client Advisors did so after the Managing Partners, including Managing Partner A, affirmatively decided to

take advantage of the flight of U.S. taxpayer-clients from UBS by opening new undeclared accounts for these U.S. taxpayers at Wegelin. As a result of this influx of former UBS U.S. taxpayer-clients into Wegelin, Wegelin's undeclared U.S. taxpayer assets under management, and the fees earned by managing those assets, increased substantially. As part of their sales pitch to U.S. taxpayer-clients who were fleeing UBS, at various times, client advisors at Wegelin told U.S. taxpayer-clients that their undeclared accounts at Wegelin would not be disclosed to the United States authorities because Wegelin had a long tradition of bank secrecy and, unlike UBS, did not have offices outside Switzerland, thereby making Wegelin less vulnerable to United States law enforcement pressure. Managing Partner A and another executive of Wegelin participated in some of these meetings. At various times, Berlinka, Frei, and Keller collectively managed undeclared U.S. taxpayer assets worth hundreds of millions of dollars. As part of the scheme to defraud, Wegelin, Swiss Bank C, and Swiss Bank D provided U.S. taxpayer-clients with undeclared accounts access to funds in these undeclared accounts in a manner that obscured the source of these funds, that is, the U.S. taxpayer-clients' undeclared accounts in Switzerland. Also as part of this scheme, these U.S. taxpayer-clients, used the U.S. mails, private and commercial interstate carriers, and interstate wire communications to submit tax returns that were

materially false and fraudulent in that these returns failed to disclose these undeclared accounts or the income generated from these accounts.

Means and Methods of the Conspiracy

25. Among the means and methods by which Wegelin and its co-conspirators carried out the conspiracy were the following:

a. Client Advisors at Wegelin opened and serviced undeclared accounts for U.S. taxpayers for the purpose of helping the U.S. taxpayers hide assets and income from the IRS.

b. Client Advisors at Wegelin opened and serviced undeclared accounts for U.S. taxpayer-clients in the name of sham corporations and foundations formed under the laws of Liechtenstein, Panama, Hong Kong, and other jurisdictions for the purpose of concealing the identities of the beneficial owners of those accounts -- that is, their U.S. taxpayer-clients -- from the IRS.

c. Client Advisors at Wegelin knowingly received and retained at Wegelin documents that falsely declared that such sham entities were the beneficial owners of certain accounts, when the client advisors knew that U.S. taxpayer-clients beneficially owned such accounts.

d. Client Advisors at Wegelin permitted certain U.S. taxpayers to open and maintain undeclared accounts at Wegelin using code names and numbers (so-called "numbered accounts") so that the identities of the U.S. taxpayer-clients would appear on a minimal number of bank documents in the event that documents or databases were stolen from Wegelin or otherwise fell into the hands of third parties.

e. Client Advisors at Wegelin ensured that account statements and other mail for their U.S. taxpayer-clients were not mailed to them in the United States.

f. Client Advisors at Wegelin sent e-mails and Federal Express packages to potential U.S. taxpayer-clients in the United States to solicit new private banking and asset management business.

g. At various times from in or about 2005 up through and including in or about 2007, Client Advisors at Wegelin communicated by e-mail and/or telephone with U.S. taxpayer-clients who had undeclared accounts at Wegelin. Client Advisors sometimes used their personal e-mail accounts to communicate with U.S. taxpayers to reduce the risk of detection by law enforcement authorities.

h. Wegelin opened undeclared accounts for U.S. taxpayers referred to them by, and whose account opening

paperwork was completed by, an investment advisor in Manhattan and a lawyer in Los Angeles, California.

i. Beginning in or about late 2008 or early 2009, after Wegelin began to open new undeclared accounts for U.S. taxpayers whose accounts were being closed by UBS, Managing Partner A instructed Wegelin Client Advisors of the Zurich Branch not to communicate with their U.S. taxpayer-clients by telephone or e-mail, and instead to cause their U.S. taxpayer-clients to travel from the United States to Switzerland to conduct business relating to their undeclared accounts.

j. Berlinka advised U.S. taxpayer-clients not to voluntarily disclose undeclared accounts to the IRS and assured them that their Wegelin account information would not be disclosed to United States authorities.

k. Wegelin, Swiss Bank C, and Swiss Bank D provided U.S. taxpayer-clients with undeclared accounts access to, and use of, the funds in these undeclared accounts in manner that helped U.S. taxpayer-clients keep these undeclared accounts concealed and continue to avoid paying taxes due and owed from the income generated in these accounts.

l. Various U.S. taxpayer-clients of Wegelin and other Swiss banks, including Swiss Bank C and Swiss Bank D, utilizing the mails and wires, filed Forms 1040 that falsely and fraudulently failed to report the existence of, and the income

generated from, their undeclared Wegelin accounts; evaded substantial income taxes due and owing to the IRS, thus defrauding the IRS of these funds; and failed to file FBARS identifying their undeclared accounts.

**Wegelin Solicited New Undeclared
Accounts Through a Third-Party Website**

26. From in or about 2005 up through and including in or about 2009, Wegelin solicited new business from U.S. taxpayers wishing to open undeclared accounts in Switzerland by recruiting clients through the third-party website "SwissPrivateBank.com." As of on or about July 2, 2007, this website advertised "Swiss Numbered Bank Account[s]" and "Swiss Anonymous Bank Account[s]", among other things. Specifically, the website stated:

Swiss banking laws are very strict and it is illegal for a banker to reveal the personal details of an account number unless ordered to do so by a judge.

This is long established in Swiss law. Any banker who reveals information about you without your consent risks a custodial sentence [sic] if convicted, with the only exceptions to this rule concerning serious violent crimes.

Swiss banking secrecy is not lifted for tax evasion. The reason for this is because failure to report income or assets is not considered a crime under Swiss banking law. As such, neither the Swiss government, nor any other government, can obtain information about your bank account. They must first convince a Swiss judge that you have committed a serious crime punishable by the Swiss Penal Code.

The website invited users to "[r]equest a Swiss banking consultation today" by clicking a link to a "Consultation

Request" form that asked for information about a user's country of residence, telephone number, and e-mail address. The third-party website operator provided this information to Wegelin Client Advisors, who then sent e-mails from Switzerland to the United States, among other places, promoting Wegelin's private banking and asset management services. In this manner, Wegelin Client Advisors collectively sent more than 100 such e-mails to the United States soliciting new business. In certain cases where U.S. taxpayers responded to such e-mails, Client Advisors sent by Federal Express hard copies of the bank's promotional materials to U.S. taxpayers in the United States. This process eventually resulted in Wegelin obtaining new undeclared accounts holding millions of dollars in total for U.S. taxpayers. Managing Partner A and other managing partners of Wegelin received quarterly updates on the progress of this advertising program. Managing Partner A approved all payments to the website operator.

27. As a result of this and other business development efforts, the total value of undeclared accounts held by U.S. taxpayers at Wegelin increased substantially over time. As of in or about 2005, Wegelin hid approximately \$240 million in undeclared assets for U.S. taxpayer-clients. By in or about 2010, this amount rose to at least \$1.2 billion.

**Wegelin Opens New Undeclared Accounts
For U.S. Taxpayers Fleeing UBS**

28. In or about May and June 2008, the United States Government's criminal investigation of UBS's U.S. cross-border banking business became publicly known and received widespread media coverage in Switzerland and the United States. At or about that time, many U.S. taxpayers with undeclared accounts at UBS began to understand that the investigation might result in the disclosure of their identities and UBS account information to the IRS.

29. On or about July 17, 2008, UBS announced that it was closing its U.S. cross-border banking business. Thereafter, UBS client advisors began to notify their U.S. taxpayer-clients that UBS was closing their undeclared accounts. Some UBS client advisors told such clients that they could continue to maintain undeclared accounts at Wegelin and certain other Swiss private banks. At or about that time, it became widely known in Swiss private banking circles that Wegelin was opening new undeclared accounts for U.S. taxpayers.

30. In or about 2008, the Executive Committee of Wegelin, the defendant, including its Managing Partners, affirmatively decided to take advantage of the flight of U.S. taxpayers with undeclared accounts by opening new undeclared accounts for many of them at Wegelin. Thereafter, in or about 2008 and 2009, Wegelin opened new undeclared accounts for at

least 70 U.S. taxpayers. Most of these were opened at Wegelin's Zurich Branch.

31. In or about 2008, Managing Partner A announced this decision to certain personnel of the Zurich Branch. At or about the time of this announcement, another Wegelin executive ("Executive A") stated to personnel of the Zurich Branch that Wegelin was not exposed to the risk of prosecution that UBS faced because Wegelin was smaller than UBS, and that Wegelin could charge high fees to its new U.S. taxpayer-clients because these clients were afraid of prosecution in the United States.

32. At or about the time Managing Partner A announced this decision, Managing Partner A supervised the creation of a list of Client Advisors at the Zurich Branch who were available to meet with potential U.S. taxpayer-clients who walked into the Zurich Branch without an appointment seeking to open new undeclared accounts. Thereafter, in or about 2008 and 2009, Berlinka, Frei, Keller, and other Client Advisors met with many new potential U.S. taxpayer-clients who arrived at Wegelin. In these meetings, Wegelin Client Advisors interviewed the potential U.S. taxpayer-clients about their backgrounds, the sources of their funds, and the amount of money they wished to transfer from UBS to Wegelin, among other things. In many cases, Managing Partner A or Executive A joined these interviews. During these meetings, the U.S. taxpayers typically presented their U.S.

passports for inspection and/or copying; advised that they were U.S. citizens or legal permanent residents of the United States; confirmed that UBS was closing their accounts; and completed certain account opening documents. These documents typically included a standard Swiss banking form called "Form A," which clearly identified the U.S. taxpayer as the beneficial owner of the account. In some cases, as described in more detail below, the Client Advisors sought to reassure their new U.S. taxpayer-clients that Wegelin would not disclose their identities or account information to the IRS.

33. In preparation for these meetings, Managing Partner A and Executive A supervised videotaped training sessions with Client Advisors of Wegelin's Zurich Branch to instruct them on their delivery of certain selling points to be made to U.S. taxpayers fleeing UBS. These selling points included the fact that Wegelin had no branches outside Switzerland and was small, discreet, and, unlike UBS, not in the media.

34. In this manner, Wegelin opened new undeclared accounts for at least 70 U.S. taxpayers. When such accounts were opened, they were designated with a special code that indicated to personnel within Wegelin, among other things, that the accounts were undeclared. At some point in or about 2008 or 2009, the Zurich Branch required that the opening of all new U.S.

taxpayer accounts had to be approved by Managing Partner A or Executive A.

35. From in or about March 2009 up through and including in or about October 2009, approximately 14,000 U.S. taxpayers voluntarily disclosed to the IRS undeclared accounts held at banks around the world, including Wegelin. As part of this process, dozens of U.S. taxpayers requested from Wegelin copies of their account records so that they could fully disclose their accounts to the IRS. Wegelin complied with many of these requests. The records that Wegelin sent to the United States included transaction confirmations and other documents listing the names of many Wegelin Client Advisors, including Berlinka, Frei, and Keller. In response to the expected disclosure of the names of Client Advisors to the IRS through these records, in or about 2009, Managing Partner A announced to certain personnel within the Zurich Branch that the format of certain Wegelin account-related documents would be changed so that the name of the Client Advisor would no longer appear on these documents. On a rolling basis from in or about late 2009 up through and including in or about early 2010, this change was implemented such that the names of the Client Advisors no longer appeared on certain records relating to undeclared accounts held by U.S. taxpayers, and "Team International," or a similar designation, appeared instead.

36. In or about mid-2009, Wegelin stopped opening new undeclared accounts for U.S. taxpayers but did not, at that time, close its existing undeclared U.S. taxpayer accounts. In or about August 2011, Wegelin sent letters to U.S. taxpayer-clients stating that it had "decided to no longer serve US persons" effective December 31, 2011.

37. In or about the end of 2009 or the beginning of 2010, after Wegelin stopped opening new undeclared accounts for U.S. taxpayers, Berlinka and Executive A opened at least three new undeclared accounts for U.S. taxpayers. Each of these U.S. taxpayers had at least two passports -- one from the United States and one from a second country -- and each had recently fled from Swiss Bank A, another Swiss private bank. In each case, Berlinka and Executive A opened the new undeclared account under the passport of the second country, even though Berlinka and Executive A were well aware that the U.S. taxpayer had a U.S. passport.

Overview of Wegelin and The Conspiracy to Launder Funds Through Wegelin's Correspondent Account to Promote the Mail and Wire Fraud Scheme to Defraud the United States

38. From at least in or about 2005 up through and including in or about 2011, in order to promote the scheme to defraud described above, Wegelin, Swiss Bank C, Swiss Bank D, and others, known and unknown, used the Stamford Correspondent Account to provide U.S. taxpayer-clients access in the United

States to their undeclared funds held in Switzerland. These international transfers were often executed in a manner that helped conceal or obscure the U.S. taxpayer-clients' relationship with the transferred funds and helped to prevent the detection of the undeclared accounts. Additionally, the large volume of additional funds in the Stamford Correspondent Account, which was knowingly commingled with the laundered funds, and the high volume of transactions in and out of the Stamford Correspondent Account, facilitated this money laundering by making the transactions involving undeclared funds more difficult to detect and lending them an aura of legitimacy. These international transfers of funds from undeclared accounts in Switzerland involving the Stamford Correspondent Account promoted the mail and wire fraud scheme described above in which Wegelin and others conspired with U.S. taxpayer-clients to defraud the United States of the taxes owed from the income generated in the undeclared accounts while at the same time providing the U.S. taxpayer-clients access to, and use of, the funds in their undeclared accounts in a manner that would help conceal the source of their funds, that is, their undeclared accounts in Switzerland.

**Means and Methods of the International
Money Laundering Conspiracy**

39. Among the means and methods by which Wegelin and its co-conspirators carried out the money laundering conspiracy were the following:

- a. Upon request by U.S. taxpayer-clients with undeclared accounts at Wegelin, Swiss Bank C, or Swiss Bank D, Client Advisors at these banks or independent Swiss asset managers would send via private interstate commercial carrier, such as DHL or Federal Express, checks from Switzerland drawn on the Stamford Correspondent Account to U.S. taxpayer-clients in the United States.
- b. As an alternative to checks, funds from the U.S. taxpayer-clients were debited from their undeclared accounts in Switzerland and wired to them in the United States through the Stamford Correspondent Account.
- c. Rather than one large check or wire for the amount requested, batches of multiple checks or wires in smaller amounts were often sent in order to minimize the risk of scrutiny or detection of the transaction by U.S. financial institutions or government authorities and the discovery of the U.S. taxpayer-clients' undeclared accounts.
- d. Checks were sometimes made payable to corporate entities affiliated with the U.S. taxpayer-client or family members of the U.S. taxpayer, rather than the U.S.

taxpayer himself or herself, helping to obscure the relationship between the U.S. taxpayer-client and the undeclared funds.

e. When U.S. taxpayers with undeclared accounts at Swiss banks other than Wegelin, including Swiss Bank C and Swiss Bank D, made requests for funds, they would receive their funds, as described above, through Wegelin's Stamford Correspondent Account.

f. While the checks and wires sent to U.S. taxpayer-clients referenced Wegelin, no reference was made to the account names or numbers of the U.S. taxpayer-clients at Wegelin or other Swiss banks, such as Swiss Bank C and Swiss Bank D.

g. At the request of U.S. taxpayer-clients to their Client Advisors or Swiss asset managers, funds were sent from the Stamford Correspondent Account to third parties who provided goods or services to U.S. taxpayers, thus allowing the U.S. taxpayer the benefit of these undeclared funds in a manner designed to make the source of the funds, that is, a U.S. taxpayer-client's undeclared Swiss account, difficult to detect.

h. These international transfers of undeclared funds were channeled through the Stamford Correspondent Account, the existence of which provided Wegelin access to the U.S. financial system. The undeclared funds sent through the account were knowingly commingled with the other funds present in the Stamford Correspondent Account, helping to essentially cloak

these transactions, veil them in an aura of legitimacy, and render scrutiny of these transactions far less likely.

i. For one U.S. taxpayer-client with both declared and undeclared accounts at Wegelin, Frei asked the U.S. taxpayer-client to allow Frei to wire this U.S. taxpayer-client funds from the client's declared account at Wegelin to the United States for the U.S. taxpayer-client to withdraw as cash. Frei then traveled to the United States, collected the funds and provided those funds to another U.S. taxpayer-client. Frei then credited the first U.S. taxpayer-client's undeclared Wegelin account with that sum.

**U.S. Taxpayers with Undeclared Accounts at
Wegelin Who Received Laundered Undeclared Funds
Through the Stamford Correspondent Account**

Client A

40. At all times relevant to this Complaint, Client A¹ lived with her husband in Boca Raton, Florida, and became a naturalized citizen in 2003. In or about 1987, Client A became the beneficial owner of an undeclared account at UBS and its predecessor bank; at various times her husband was a joint owner of the account. In or about July 2008, Client A's UBS client advisor, Gian Gisler, advised Client A and her husband that she

¹ All designations of entities and individuals by number or letter in this Complaint, i.e. "Client A," are consistent with the designations referred to in United States v. Berlinka, et al., 12 Cr. 2 (JSR).

must close her UBS account because she was American. Gisler instructed Client A and her husband not to call UBS from the United States, and told them that he was leaving UBS. Gisler invited Client A to move her account with Gisler to another bank, but she declined. Gisler then recommended Wegelin and noted that it was a reliable bank that had no offices in the United States.

41. In or about September 2008, Client A and her husband traveled to Zurich to close her UBS account. By that time, Gisler had left UBS and Client A had a new UBS client advisor. The new UBS client advisor instructed them not to call from the United States, promised that UBS would not give their information to U.S. authorities, and endorsed Wegelin as a bank at which to hold their account.

42. During the same trip to Zurich in September 2008, Client A and her husband walked to Wegelin and met with Berlinka. Berlinka opened a new undeclared account beneficially owned by Client A using the code name "N1641" on or about September 19, 2008. At that time, Wegelin received, and thereafter maintained in its files, a Form A signed by Client A stating that Client A was the beneficial owner of the account. In addition, Wegelin received and thereafter maintained in its files another form stating that Client A was "a U.S. citizen"; was "the beneficial owner of all income from US sources deposited in the [account] in accordance with US tax law; and "was not entitled to or does not

want to claim any reliefs [sic] from United States Withholding Tax."

43. Berlinka told Client A and her husband that they would be safe at Wegelin and that Berlinka had been instructed not to disclose their account information to United States authorities. In addition, Berlinka instructed Client A and her husband not to call or send faxes to Wegelin from the United States and explained that Wegelin would not send mail to them in the United States.

44. On multiple occasions in or about 2008 and 2009, Client A or her husband called Berlinka from the United States to notify him that they would be traveling to Aruba. Once in Aruba, Client A or her husband called and/or faxed Berlinka to request that he send checks to them in the United States. In response, Berlinka sent checks drawn on the Stamford Correspondent Account from Switzerland to Client A in Boca Raton, Florida by private letter carrier. All the checks, which were payable to Client A, later cleared through the Stamford Correspondent Account with equivalent funds being debited from Client A's account at Wegelin. In addition, the checks were issued in the amount of \$8,500 to help avoid detection of the account by the IRS. The following chart sets forth the check numbers for some of these checks, the approximate date they were issued and mailed, the approximate date they were negotiated, their amount, and the

approximate amount of other funds present in the Stamford Correspondent Account on the dates the checks were negotiated,² as the presence of these additional funds helped to conceal these transactions and lend them an aura of legitimacy:

Check No.	Approximate Date of Issue	Approximate Date of Negotiation	Approximate Amount	Balance in Correspondent Account
3416	11/25/2008	1/7/2009	\$8,500	\$88,525,720
3417	11/25/2008	12/24/2008	\$8,500	\$135,195,787
3418	11/25/2008	12/11/2008	\$8,500	\$46,947,570
3468	1/5/2009	1/30/2009	\$8,500	\$209,111,171
3469	1/5/2009	2/12/2009	\$8,500	\$143,756,924
3470	1/5/2009	3/5/2009	\$8,500	\$95,378,847
3510	2/26/2009	3/10/2009	\$8,500	\$124,995,398
3511	2/26/2009	4/21/2009	\$8,500	\$65,612,863
3512	2/26/2009	4/6/2009	\$8,500	\$82,572,902
3552	4/21/2009	5/8/2009	\$8,500	\$51,668,319
3553	4/21/2009	5/20/2009	\$8,500	\$94,628,267
3554	4/21/2009	6/16/2009	\$8,500	\$46,616,379
3659	8/25/2009	10/26/2009	\$8,500	\$32,206,021
3660	8/25/2009	3/4/2010	\$8,500	\$66,725,205
Total:			\$119,000	

45. In addition to the above-described checks, Client A and her husband also received funds in the form of wires from their undeclared Wegelin account through the Stamford Correspondent Account, both in the United States and Aruba. The following chart sets forth the approximate date of these wires, their approximate amount, the recipient (including location) of the moneys wired, and the approximate amount of other funds

² "Balance in Correspondent Account," as reflected in all charts in this Verified Complaint, means the balance in the Stamford Correspondent Account as reflected in account statements for the Stamford Correspondent Account. The transactions for any particular day in the Stamford Correspondent Account are not reflected on the account statements in chronological order for the particular day. Rather, they are organized by credit and debit, and, generally, by the size of a each transaction.

present in the Stamford Correspondent Account on the dates of these wires, as the presence of these additional funds helped to conceal the nature of these transactions and lend them an aura of legitimacy:

Approximate Date of Wire	Approximate Amount	Beneficiary	Balance in Correspondent Account
1/6/2009	\$11,000	Client's A Husband in Aruba	\$19,981,214
4/21/2009	\$20,000	Client A and Husband in Aruba	\$65,530,439
7/13/2009	\$24,000	Client's A Husband in U.S.	\$163,047,914
7/20/2009	\$24,000	Client's A Husband in Aruba	\$62,017,174
9/15/2009	\$20,000	Client's A Husband in Aruba	\$44,597,958
3/9/2010	\$100,000	Client A and Husband in U.S.	\$46,133,785
Total:	\$199,000		

46. As of on or about October 8, 2008, Client A's undeclared Wegelin account held approximately \$2,332,860.

Kenneth Heller

47. At all times relevant to this Complaint, Kenneth Heller was a United States citizen who maintained a residence and office in Manhattan. In or about December 2005 and January 2006, Heller opened an undeclared account at UBS and funded it with approximately \$26,420,822 wired from the United States. Heller then transferred approximately \$19 million from UBS to his account at Wegelin.

48. On or about June 6, 2008, Heller became concerned about the Department of Justice's investigation into UBS's cross-border business and faxed a news article about the investigation to his UBS client advisor ("UBS Client Advisor A").

49. On or about June 21, 2008, Heller retained an independent asset manager based in Liechtenstein ("Liechtenstein Asset Manager A") to manage a new undeclared account that he opened at Wegelin, at or about that time. Over the next several months, Heller funded this account with approximately \$19 million wired from UBS. In order to protect Heller, the account was opened in the name of Nathelm Corporation, Inc., according to a September 9, 2008 letter sent to Heller's tax preparer by an attorney working for Heller ("Heller Attorney A"). This letter further stated:

All Heller money was transferred directly from UBS to Wegelin. . . . The problem is the US Government interference with Swiss Banks, in [an] attempt to seize income tax evaders. . . . The US Government gladly pressed its case with Swiss Govt for bank disclosure of US citizens, etc. This is why KH left UBS[.]

50. On various dates in 2008 and 2009, including on or about August 22, 2008, Liechtenstein Asset Manager A faxed to Heller's office in Manhattan account statements and other documents relating to his undeclared account at Wegelin.

51. On various occasions in or about 2008 and 2009, in response to telephone and fax requests that Heller made from locations in Manhattan and New Jersey to the Liechtenstein Asset Manager who managed Heller's account at Wegelin, the Liechtenstein Asset Manager mailed or sent by courier service from Liechtenstein to the United States checks drawn on Wegelin's Correspondent Account for the benefit of Heller, his wife, and

his associates. For example, on or about July 8, 2009, Heller caused Wegelin to issue from the Stamford Correspondent Account approximately 12 checks in the amount of \$2,500 made to Heller's wife. The Liechtenstein Asset Manager then sent these checks to Heller in the United States. The following chart sets forth the check numbers for some of these checks, the approximate date they were issued and mailed, the approximate date they were negotiated, the payee on the checks, their amount, and the approximate amount of other funds present in the Stamford Correspondent Account on the dates the checks were negotiated which were commingled with these laundered funds, as the presence of these additional funds helped to conceal these transactions and lend them an aura of legitimacy:

Check No.	Approximate Date of Issue	Approximate Date of Negotiation	Payee	Approximate Amount	Balance in Correspondent Account
3571	6/8/2009	6/15/2009	Heller Associate	\$10,000	\$69,074,951
3583	7/8/2009	8/18/2009	Heller's Wife	\$2,500	\$64,536,127
3584	7/8/2009	11/17/2009	Heller's Wife	\$2,500	\$49,570,987
3585	7/8/2009	11/10/2009	Heller's Wife	\$2,500	\$104,112,779
3586	7/8/2009	9/9/2009	Heller's Wife	\$2,500	\$51,658,912
3587	7/8/2009	8/31/2009	Heller's Wife	\$2,500	\$294,451,642
3588	7/8/2009	10/6/2009	Heller's Wife	\$2,500	\$53,827,664
3589	7/8/2009	9/22/2009	Heller's Wife	\$2,500	\$59,943,005
3590	7/8/2009	9/29/2009	Heller's Wife	\$2,500	\$34,520,342
3591	7/8/2009	10/13/2009	Heller's Wife	\$2,500	\$81,375,473
3592	7/8/2009	8/10/2009	Heller's Wife	\$2,500	\$37,431,790
3593	7/8/2009	10/20/2009	Heller's Wife	\$2,500	\$54,840,187
3595	7/8/2009	10/27/2009	Heller's Wife	\$2,500	\$88,762,931
3623	7/16/2009	10/5/2009	Heller	\$2,500	\$81,812,862
3736	9/11/2009	9/18/2009	Heller Associate	\$37,814	\$90,691,285
3744	9/22/2009	12/23/2009	Heller	\$50,000	\$36,532,160
3745	9/22/2009	12/7/2009	Heller	\$50,000	\$50,055,428
3746	9/22/2009	11/3/2009	Heller	\$50,000	\$44,693,428
3747	9/22/2009	10/7/2009	Heller	\$25,000	\$46,505,491
3750	9/24/2009	10/5/2009	Heller	\$16,000	\$81,767,122
Total:				\$271,314	

52. On or about December 31, 2008, Heller's undeclared account at Wegelin held approximately \$18,466,686.

53. On or about May 4, 2011, Kenneth Heller was indicted in the Southern District of New York on charges related to this conduct. See United States v. Heller, Indictment S1 10 Cr. 388 (PKC). On June 27, 2011, Heller pleaded guilty to certain charges related to this conduct.

Client EE

54. At all times relevant to this Complaint, Client EE was a resident of New Jersey and a citizen of the United States. Beginning in or about the 1980s, Client EE maintained an interest in assets held in an undeclared account with Swiss Bank B in Switzerland.

55. In or around 2008, Client EE opened an undeclared account at Wegelin and funded it by transferring his undeclared funds from his account at Swiss Bank B into his account at Wegelin. The assets in his Wegelin account were managed by an independent asset manager in Switzerland ("Independent Asset Manager A").

56. In or around 2010, Client EE went on safari in Africa. To pay for the safari, by a prearranged system with Independent Asset Manager A, Client EE sent a letter with no return address from New Jersey to Independent Asset Manager A in Switzerland. The envelope contained a single piece of paper on

which was written the amount of money Client EE needed to wire to the safari company -- and nothing else. At or about that same time, Client EE sent a second letter to Independent Asset Manager A containing only the wire transfer details for the safari company's bank account in Botswana. Thereafter, pursuant to these instructions, on or about June 22, 2010, Wegelin wired approximately \$37,000 through the Stamford Correspondent Account to the safari company's bank account in Botswana.

57. After the transaction was complete, Independent Asset Manager A sent Client EE the following email, with the subject of "all done":

Dear Friend

Your 2 letters well received. Everything has been done at [sic] your satisfaction.

Hope to get soon your report about your experience in Africa.

kind rgds [Independent Asset Manager A.]

58. In August 2010, Client EE, who was in Africa on his safari, contacted Independent Asset Manager A via satellite phone to request additional transfers of funds from his undeclared account for safari-related expenses. These additional transfers were conducted through the Stamford Correspondent Account.

59. The following chart sets forth the approximate date of the three wires involving Client EE's undeclared funds, their approximate amount, the recipient of the moneys wired, and the approximate amount of other funds present in the Stamford Correspondent Account on the dates of these wires which were commingled with these laundered funds, as the presence of these additional funds helped to conceal the nature of these transactions and lend them an aura of legitimacy:

Approximate Date of Wire	Approximate Amount	Beneficiary	Balance in Correspondent Account
6/22/2010	\$37,000	Safari Company A	\$43,521,742
8/13/2010	\$7,358	Safari Company A	\$44,784,113
8/18/2010	\$18,910	Safari Company B	\$30,447,097
Total:	\$63,268		

60. As of December 2009, Client EE's undeclared Wegelin account held approximately \$847,844.

Client FF

61. At all times relevant to this Complaint, Client FF was a resident of Connecticut and a citizen of the United States. Beginning in or about 2006, Client FF inherited the assets in an undeclared account at Wegelin.

62. Between in or about 2007 and in or about 2010, Client FF would request that funds in her undeclared account be sent to her in the United States. The following chart sets forth the approximate date of these wires of undeclared funds, their approximate amount (all being under \$10,000), and the approximate amount of other funds present in the Stamford Correspondent

Account on the dates of these wires which were commingled with these laundered funds, as the presence of these additional funds helped to conceal the nature of these transactions and lend them an aura of legitimacy:

Approximate Date of Wire	Approximate Amount	Balance in Correspondent Account
3/30/2007	\$8,000	Unknown
4/27/2007	\$8,000	Unknown
4/1/2008	\$2,000	\$248,654,358
4/15/2008	\$4,000	\$133,343,684
5/1/2008	\$2,000	\$86,740,853
5/15/2008	\$4,000	\$332,292,787
5/30/2008	\$2,000	\$362,138,500
6/13/2008	\$4,000	\$114,679,223
7/1/2008	\$2,000	\$129,236,669
7/15/2008	\$4,000	\$132,874,863
8/1/2008	\$2,000	\$92,435,805
8/15/2008	\$4,000	\$72,907,702
8/29/2008	\$2,000	\$205,841,642
9/15/2008	\$4,000	\$136,948,031
10/1/2008	\$2,000	\$124,263,021
10/31/2008	\$2,000	\$195,615,889
11/14/2008	\$4,000	\$79,412,826
12/1/2008	\$2,000	\$65,054,464
12/15/2008	\$4,000	\$93,534,739
12/31/2008	\$2,000	\$84,833,905
1/15/2009	\$4,000	\$129,336,113
1/30/2009	\$2,000	\$209,171,805
2/13/2009	\$4,000	\$99,465,509
2/27/2009	\$2,000	\$230,113,999
3/13/2009	\$4,000	\$29,469,861
4/1/2009	\$2,000	\$96,886,436
4/15/2009	\$4,000	\$74,499,693
5/1/2009	\$2,000	\$91,489,422
5/15/2009	\$4,000	\$26,532,994
5/22/2009	\$4,000	\$57,508,132
6/1/2009	\$2,000	\$32,490,597
6/11/2009	\$6,000	\$49,389,643
6/15/2011	\$4,665	\$69,156,083
7/1/2009	\$3,500	\$80,565,094
7/15/2009	\$4,665	\$48,303,295
7/31/2009	\$3,500	\$73,399,087
8/14/2009	\$4,665	\$96,618,740
9/1/2009	\$3,500	\$46,291,162
9/15/2009	\$4,665	\$44,758,574
10/1/2009	\$3,500	\$47,701,580
10/15/2009	\$4,665	\$41,657,633
10/30/2009	\$3,500	\$128,010,605
11/13/2009	\$4,665	\$82,477,831
12/1/2009	\$3,500	\$72,436,937
12/15/2009	\$4,665	\$115,582,834
1/4/2010	\$3,500	\$25,128,401

Approximate Date of Wire	Approximate Amount	Balance in Correspondent Account
1/15/2010	\$4,665	\$56,856,972
2/1/2010	\$3,500	\$124,432,253
2/12/2010	\$4,665	\$62,449,408
3/1/2010	\$3,500	\$54,568,040
3/15/2010	\$4,665	\$26,634,941
4/1/2010	\$3,500	\$48,970,611
4/15/2010	\$4,665	\$53,296,702
4/30/2010	\$3,500	\$102,453,964
5/14/2010	\$4,665	\$56,666,635
6/1/2010	\$3,500	\$89,343,924
6/15/2010	\$4,665	\$48,922,713
7/1/2010	\$3,500	\$61,891,879
7/15/2010	\$4,665	\$54,393,357
7/30/2010	\$3,500	\$84,628,829
8/13/2010	\$4,665	\$44,845,719
9/1/2010	\$3,500	\$41,416,166
9/15/2010	\$4,665	\$118,095,506
10/1/2010	\$3,500	\$96,423,501
10/15/2010	\$4,665	\$41,546,297
11/1/2010	\$3,500	\$38,089,673
11/15/2010	\$4,665	\$81,327,026
12/1/2010	\$3,500	\$22,629,739
12/15/2010	\$4,665	\$84,605,472
1/3/2011	\$3,500	\$11,036,155
1/14/2011	\$4,665	\$121,848,933
2/1/2011	\$3,500	\$39,212,663
2/15/2011	\$4,665	\$47,873,545
3/1/2011	\$3,500	\$48,855,262
3/15/2011	\$4,665	\$35,658,114
4/1/2011	\$3,500	\$59,151,432
4/15/2011	\$4,665	\$32,234,843
4/29/2011	\$3,500	\$70,530,946
5/13/2011	\$4,665	\$148,092,185
6/1/2011	\$3,500	\$47,365,344
6/15/2011	\$4,665	\$27,630,276
7/1/2011	\$3,500	\$56,198,868
7/15/2011	\$4,665	\$39,911,743
8/1/2011	\$3,500	\$20,259,340
8/15/2011	\$4,665	\$41,534,149
Total:	\$324,955	

63. As of December 31, 2008, Client FF's undeclared Wegelin account held approximately \$637,395.

Client GG

64. At all times relevant to this Complaint, Client GG was a resident of Westchester County, New York, and a citizen of the United States.

65. Beginning in or about the early 1990s, Client GG maintained an undeclared account at a Swiss bank. In or around 2006, Client GG transferred his assets at this Swiss bank into an undeclared account at Wegelin. The account was held in the name of Birkdale Universal, S.A. ("Birkdale"), an entity established under the laws of Panama (the "Birkdale Account"). Client GG also maintained declared accounts at Wegelin in addition to the undeclared Birkdale Account. Frei became Client GG's client advisor at Wegelin. Frei explained to Client GG that the purpose of placing his assets in the name of Birkdale was to further conceal his ownership of the funds.

66. In or about August 2007, Frei used one of Client GG's declared accounts at Wegelin and the Stamford Correspondent Account to conceal Frei's hand delivery of approximately \$16,000 in U.S. currency to another U.S. taxpayer-client of Frei ("Frei's Other Client") in the Southern District of New York. Specifically, prior to a trip to the United States in or about August 2007, Frei asked Client GG to permit Frei to wire approximately \$16,000 from one of Client GG's declared Wegelin accounts to Client GG in the Southern District of New York and then have Client GG withdraw these funds from his U.S. bank as cash for Frei to give to Frei's Other Client. Client GG consented. Frei then wired these funds through the Stamford Correspondent Account in two transactions, each under \$10,000,

reducing the chances that the transfer would be scrutinized. The chart below sets out the transactions as well as the approximate amount of other funds present in the Stamford Correspondent Account on the dates of the wires which were commingled with these laundered funds, as the presence of these additional funds helped to conceal the nature of these transactions and lend them an aura of legitimacy:

Approximate Date of Wire	Approximate Amount	Balance in Correspondent Account
8/8/2007	\$8,000	Unknown
8/9/2007	\$8,000	Unknown
Totals:	\$16,000	

67. Client GG, who was aware of certain currency transaction reporting requirements of U.S. financial institutions, withdrew these funds from his bank in Westchester County, New York in three different withdrawals on three different dates, each in an amount less than \$10,000. Frei then traveled to the United States where, on or about August 21, 2007, he met Client GG for lunch in Manhattan. At the lunch, Client GG provided Frei an unmarked envelope containing the approximately \$16,000 in cash. During the lunch, the head waiter informed Frei that someone else at the restaurant wished to speak with him. Frei then excused himself from Client GG for approximately ten minutes. Frei sat at a table across the restaurant with Frei's Other Client and provided her with the cash-filled envelope that Client GG provided to Frei. Frei commented to Client GG that it was becoming increasingly difficult to move

funds out of Switzerland and this was a technique he employed to conduct such international transactions.

68. Frei then credited Client GG's undeclared account at Wegelin, the Birkdale Account, with approximately \$16,000.

69. As of 2010, Client GG's undeclared Wegelin account held approximately \$898,652.

Client HH

70. At all times relevant to this Complaint, Client HH was a resident of Connecticut and, beginning in 2007, became a citizen of the United States.

71. Beginning in or about the 1990s, Client HH maintained an undeclared account at UBS. Client HH was assisted by an independent asset manager in Switzerland ("Independent Asset Manager B"). In or about 2003, Client HH and Independent Asset Manager B transferred the funds in Client HH's account at UBS to be to an undeclared account at Wegelin.

72. From time to time, Client HH received funds from her undeclared account at Wegelin with the assistance of Independent Asset Manager B. When visiting Switzerland, Independent Asset Manager B provided Client HH funds from her Wegelin account. Independent Asset Manager B advised Client HH never to take more than \$10,000 into the United States at any one time.

73. Client HH also received checks from Wegelin drawn on the Stamford Correspondent Account, made payable to her, and sent to her from Switzerland. Independent Asset Manager B discussed with Client HH keeping these checks in amounts under \$10,000. The following chart sets forth the check numbers for some of these checks, the approximate date they were issued and mailed, the approximate date they were negotiated, their amount, and the approximate amount of other funds present in the Stamford Correspondent Account on the dates the checks were negotiated which were commingled with these laundered funds, as the presence of these additional funds helped to conceal these transactions and lend them an aura of legitimacy:

Check No.	Approximate Date of Issue	Approximate Date of Negotiation	Approximate Amount	Balance in Correspondent Account
2217	3/10/2005	3/16/2005	\$5,000	Unknown
2635	11/8/2006	11/22/2006	\$5,000	Unknown
2636	11/13/2006	11/28/2006	\$5,000	Unknown
3152	11/13/2007	12/4/2007	\$5,000	Unknown
3283	5/30/2008	6/11/2008	\$8,500	\$89,755,735
3421	11/28/2008	12/15/2008	\$8,500	\$93,516,238
3483	1/26/2009	2/3/2009	\$8,500	\$170,082,906
3509	2/26/2009	3/16/2009	\$8,500	\$53,526,844
3532	3/25/2009	4/15/2009	\$8,500	\$74,410,514
3556	4/24/2009	5/5/2009	\$8,500	\$70,969,156
3568	5/25/2009	6/12/2009	\$8,500	\$39,365,126
Total:			\$79,500	

74. Independent Asset Manager B traveled on multiple occasions to the United States and met with Client HH in Manhattan, New York including at the Waldorf Astoria. Before traveling to the United States, Independent Asset Manager B asked Client HH if she would like him to bring any funds from her

undeclared Wegelin account to her in the United States. When Client HH did request such undeclared funds, he provided her the funds, in cash, when they met for dinner in New York.

75. As of 2007, Client HH's undeclared Wegelin account held approximately \$177,095.

**Wegelin Launderers Undeclared Funds for U.S. Taxpayers
with Undeclared Accounts at Other Swiss Banks**

76. In addition to providing U.S. taxpayer-clients with undeclared accounts at Wegelin access to their undeclared funds through its Stamford Correspondent Account, Wegelin also allowed other Swiss banks where U.S. taxpayer-clients had undeclared accounts to provide these U.S. taxpayer-clients access to their undeclared funds through Wegelin's Stamford Correspondent Account. For example, Wegelin allowed Swiss Bank C and Swiss Bank D to have checks written to be drawn on the Stamford Correspondent Account. In turn, Swiss Bank C and Swiss Bank D used Wegelin's Stamford Correspondent Account to send undeclared funds to U.S. taxpayer-clients in the United States. Swiss Bank C did so despite the fact that it maintained its own correspondent account at the same bank where Wegelin maintained the Stamford Correspondent Account, UBS. By sending the funds through Wegelin's Stamford Correspondent Account, it became more difficult for the IRS to link U.S. taxpayer-clients to their

undeclared accounts in Switzerland at the actual banks that managed their undeclared assets, promoting the scheme to defraud.

Client II

77. At all times relevant to this Complaint, Client II was a resident of Arizona and a citizen of the United States. Beginning in or about 2010, Client II maintained an undeclared account at Swiss Bank C.

78. Previously, in or about 2003, Client II maintained an undeclared account at another Swiss bank. In 2010, that Swiss bank informed him that he had to close his account. He then opened his account at Swiss Bank C and transferred his assets there.

79. In or about February 2010, Client II wrote to his Client Advisor at Swiss Bank C ("Swiss Bank C Client Advisor") the following:

Requests for [Swiss Bank C Client Advisor]:

Please send in batches of three, USD cheques made in favor of [Corporate entity controlled by Client II, hereafter "II Entity"]
(our subchapter S corporation) as follows:

One month after the inception of the account, \$4788, \$4908, \$4889.

Two months later, \$4833, \$4805, \$4922

Three months later, \$3555, \$4245, \$4010

Three months later. \$4909, \$4554, \$4650

I believe that DHL is your preferred carrier. Is this correct?

Each of these cheques will be cashed over a period of time following receipt which might be up to five months unless you have a rule precluding holding them open that long

[] .

80. In or about September 2010, Client II wrote the following to Swiss Bank C Client Advisor:

We have settled on a schedule for checks to be sent.

September 1	\$4,788	\$4,908	\$4,889
December 1	\$4,833	\$4,805	\$4,922

As we have discussed previously, the checks should be drawn in the U.S. dollars on your corresponding US bank and made in favor of:

[II Entity]

The checks will be cashed over a period of time after receipt, up to four months, *unless* [Swiss Bank C] has a rule precluding holding them open that long [emphasis in original].

[]

I expect to send a similar schedule for 2011 towards the end of this year. As usual, please let me know if you have any questions about these arrangements.

81. On or about March 16, 2011, Client II wrote the following to Swiss Bank C Client Advisor:

Another shipment, please. Three items: 4883, 4809 & 4962. Thanks much, [Client II].

82. Client II received in Arizona by mail from Switzerland checks from Swiss Bank C Client Advisor drawn on Wegelin's Stamford Correspondent Account. Client II then negotiated certain of these Wegelin checks. The following chart

sets forth the check numbers for some of these checks, the approximate date they were issued and mailed, the approximate date they were negotiated, the payee on the checks, their amount, and the approximate amount of other funds present in the Stamford Correspondent Account on the dates the checks were negotiated which were commingled with these laundered funds, as the presence of these additional funds helped to conceal these transactions and lend them an aura of legitimacy:

Check No.	Approximate Date of Check	Approximate Date of Negotiation	Payee	Approximate Amount	Balance in Correspondent Account
4361	12/9/2010	1/18/2011	II Entity	\$4,833	\$31,059,989
4363	12/10/2010	3/14/2011	II Entity	\$4,922	\$89,569,750
4416	1/28/2011	2/28/2011	Client II	\$3,600	\$53,592,564
4417	1/28/2011	3/17/2011	Client II	\$2,850	\$41,604,546
4483	3/17/2011	4/13/2011	II Entity	\$4,883	\$24,219,843
Total:				\$21,088	

83. As of October 2010, Client II's undeclared Swiss Bank C account held approximately \$2,183,606.

Client JJ

84. At all times relevant to this Complaint, Client JJ was a resident of Arizona and a citizen of the United States. Beginning in or about 2010, Client JJ maintained an undeclared account at Swiss Bank C.

85. Previously, in or about the 1990s, Client JJ maintained an undeclared account at Swiss Bank B in Switzerland. In or about late 2009, Swiss Bank B informed him that he had to close his account. He traveled to Switzerland to decide what steps to take regarding his account. While there, Client JJ

encountered other U.S. taxpayer-clients in the same situation. Another U.S. taxpayer informed Client JJ that Swiss Bank C was still accepting Americans.

86. On that same trip, Client JJ went to Swiss Bank C, completed account opening documents, provided a copy of his U.S. passport, and opened an undeclared account at Swiss Bank C. Swiss Bank C Client Advisor managed his account.

87. After he opened the account at Swiss Bank C, Client JJ arranged to receive periodically in the United States funds sent to him from his undeclared account at Swiss Bank C. The funds were sent in the form of checks drawn on the Stamford Correspondent Account and mailed to him in Arizona from Switzerland. He then negotiated certain of these checks. The following chart sets forth the check numbers for some of these checks, the approximate date they were issued and mailed, the approximate date they were negotiated, the payee on the checks, their amount, and the approximate amount of other funds present in the Stamford Correspondent Account on the dates the checks were negotiated which were commingled with these laundered funds, as the presence of these additional funds helped to conceal these transactions and lend them an aura of legitimacy:

Check No.	Approximate Date of Check	Approximate Date of Negotiation	Payee	Approximate Amount	Balance in Correspondent Account
3796	10/21/2009	10/29/2009	Client JJ	\$45,000	\$44,060,348
3926	1/22/2010	2/2/2010	Client JJ	\$45,000	\$116,357,109
4060	4/6/2010	4/20/2010	Client JJ	\$45,000	\$86,051,898
4411	1/25/2011	2/11/2011	Client JJ	\$45,000	\$59,806,788
4489	3/23/2011	4/1/2011	Client JJ	\$45,000	\$58,867,620
Total:				\$225,000	

88. As of July 2011, Client JJ's undeclared Swiss Bank C account held approximately \$6,700,000.

Client KK

89. At all times relevant to this Complaint, Client KK was a resident of Connecticut and a citizen of the United States. Beginning in or about 2002, Client KK maintained an undeclared account at Swiss Bank D.

90. Client KK arranged to receive periodically funds in the United States sent to him from his undeclared account at Swiss Bank D. The funds were sent in the form of checks drawn on the Stamford Correspondent Account and mailed to him in Connecticut from Switzerland. The checks were Wegelin checks drawn on of Wegelin's Stamford Correspondent Account. Client KK then negotiated certain of these Wegelin checks. The following chart sets forth the check numbers for some of these checks, the approximate date they were issued and mailed, the approximate date they were negotiated, the payee on the checks, their amount, and the approximate amount of other funds present in the Stamford Correspondent Account on the dates the checks were negotiated which were commingled with these laundered funds, as the presence

of these additional funds helped to conceal these transactions and lend them an aura of legitimacy:

Check No.	Approximate Date of Check	Approximate Date of Negotiation	Payee	Approximate Amount	Balance in Correspondent Account
2184	3/10/2005	3/16/2005	Client KK	\$5,621	unknown
2252	6/23/2005	7/6/2005	Client KK	\$9,367	unknown
2331	10/11/2005	10/14/2005	Client KK	\$7,863	unknown
2399	1/9/2006	1/17/2006	Client KK	\$32,250	unknown
2423	2/7/2006	2/16/2006	Client KK	\$26,675	unknown
2448	3/15/2006	3/21/2006	Client KK	\$7,570	unknown
2490	5/16/2006	5/22/2006	Client KK	\$8,250	unknown
2547	7/26/2006	8/1/2006	Client KK	\$2,900	unknown
2591	9/7/2006	9/12/2006	Client KK	\$8,000	unknown
2634	11/7/2006	11/10/2006	Client KK	\$9,827	unknown
2726	8/2/2007	2/14/2007	Client KK	\$8,730	unknown
2791	4/25/2007	4/30/2007	Client KK	\$8,200	unknown
3253	3/13/2008	3/18/2008	Client KK	\$5,000	\$143,304,893
Total:				\$140,253	

91. As of 2006, Client KK's undeclared Swiss Bank D account held approximately \$163,115.

IV. CLAIM FOR FORFEITURE

92. Paragraphs 1 through 91 of this Complaint are repeated and realleged as if fully set forth herein.

93. The Defendant Funds are subject to forfeiture pursuant to the following statutory provisions:

Section 981(a)(1)(A) of Title 18 of the United States Code

94. Title 18, United States Code, § 981(a)(1)(A) subjects to forfeiture "[a]ny property real or personal involved in a transaction or attempted transaction in violation of . . . section 1956, 1957 . . . of this title, or any property traceable to such property."

95. Title 18, United States Code, § 1956(a) provides:

(2) Whoever transports, transmits, or transfers, or attempts to transport, transmit, or transfer a monetary instrument or funds from a place in the United States to or through a place outside the United States or to a place in the United States from or through a place outside the United States-

(A) with the intent to promote the carrying on of specified unlawful activity;

[shall be guilty of money laundering].

96. Title 18, United States Code, § 1956(h) provides:

Any person who conspires to commit any offense defined in this section or section 1957 shall be subject to the same penalties as those prescribed for the offense the commission of which was the object of the conspiracy.

97. "Specified unlawful activity" is defined in 18

U.S.C. § 1956(c)(7), and the term includes any offense under 18

U.S.C. § 1961(1). Section 1961(1) lists as offenses both mail fraud (18 U.S.C. § 1343) and wire fraud (18 U.S.C. § 1343).

98. Title 18, United States Code, Section 1349 provides:

Any person who attempts or conspires to commit any offense under this chapter [including mail fraud or wire fraud] shall be subject to the same penalties as those prescribed for the offense, the commission of which was the object of the attempt or conspiracy.

99. By reason of the above, the Defendant Funds are subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(A).

Section 984 of Title 18 of the United States Code

100. Title 18, United States Code, Section 984(a)

provides:

(1) In any forfeiture action in rem in which the subject property is cash, monetary instruments in bearer form, funds deposited in an account in a financial institution (as defined in section 20 of this title), or precious metals--

(A) it shall not be necessary for the Government to identify the specific property involved in the offense that is the basis for the forfeiture; and

(B) it shall not be a defense that the property involved in such an offense has been removed and replaced by identical property.

(2) Except [for actions to forfeit property pursuant to this section not traceable directly to the offense that is the basis for the forfeiture commenced more than one year from the date of the offense], any identical property found in the same place or account as the property involved in the offense that is the basis for the forfeiture shall be subject to forfeiture under this section.

101. Pursuant to Title 18, United States Code, Section 984(c), Section 984(a) applies to funds held by a financial institution in an "interbank account" such as the Stamford Correspondent Account when the account holder knowingly engaged in the offense that is the basis for the forfeiture. As alleged in this Complaint, Wegelin, the account holder of the Stamford Correspondent Account, knowingly participated in a conspiracy to launder funds in violation of Title 18, United States Code, Section 1956(h).

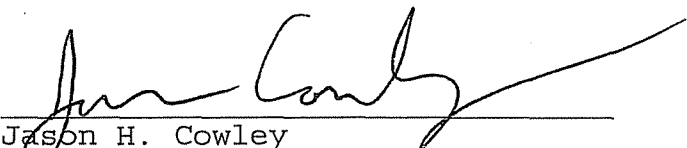
102. Accordingly, the provisions of Title 18, United States Code, Section 984(a) apply to this action.

WHEREFORE, plaintiff United States of America prays that process issue to enforce the forfeiture of the Defendant Funds and that all persons having an interest in the Defendant Funds be cited to appear and show cause why the forfeiture should not be decreed, and that this Court decree forfeiture of the Defendant Funds to the United States of America for disposition according to law and that this Court grant plaintiff such further relief as this Court may deem just and proper together with the costs and disbursements in this action.

Dated: New York, New York
February 2, 2012

PREET BHARARA
United States Attorney for
Plaintiff United States of America

By:



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VERIFICATION

STATE OF NEW YORK)
COUNTY OF NEW YORK :
SOUTHERN DISTRICT OF NEW YORK)

CAROLYN R. WORKING, being duly sworn, deposes and says that she is a Special Agent with the Internal Revenue Service, Criminal Investigation; that she has read the foregoing Verified Complaint and knows the contents thereof; and that the same is true to the best of her knowledge, information and belief.

The sources of deponent's information and the grounds of her belief are her personal involvement in the investigation, and conversations with and documents prepared by law enforcement officers and others.

Carolyn R. Working

CAROLYN R. WORKING
Special Agent
Internal Revenue Service,
Criminal Investigation

Sworn to before me this
2nd day of February 2012

Notary Public

MARCO DASILVA
Notary Public, State of New York
No. 01DA6145603
Qualified in Nassau County
My Commission Expires 10/19/2014