**U.S. Department of Justice**

**Tax Division**

*Washington, D.C. 20530*

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May 18, 2015

Keith Krakaur, Esquire
Gary DiBianco, Esquire
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036-6522

Re: Société Générale Private Banking (Lugano-Svizzera) SA
DOJ Swiss Bank Program – Category 2
Non-Prosecution Agreement

Dear Mr. Krakaur and Mr. DiBianco:

Société Générale Private Banking (Lugano-Svizzera) SA submitted a Letter of Intent on December 23, 2013, to participate in Category 2 of the Department of Justice's Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks, as announced on August 29, 2013 (hereafter "Swiss Bank Program"). This Non-Prosecution Agreement ("Agreement") is entered into based on the representations of Société Générale Private Banking (Lugano-Svizzera) SA in its Letter of Intent and information provided by Société Générale Private Banking (Lugano-Svizzera) SA pursuant to the terms of the Swiss Bank Program. The Swiss Bank Program is incorporated by reference herein in its entirety in this Agreement.[1] Any violation by Société Générale Private Banking (Lugano-Svizzera) SA of the Swiss Bank Program will constitute a breach of this Agreement.

On the understandings specified below, the Department of Justice will not prosecute Société Générale Private Banking (Lugano-Svizzera) SA for any tax-related offenses under Titles 18 or 26, United States Code, or for any monetary transaction offenses under Title 31, United States Code, Sections 5314 and 5322, in connection with undeclared U.S. Related Accounts held by Société Générale Private Banking (Lugano-Svizzera) SA during the Applicable Period (the "conduct"). Société Générale Private Banking (Lugano-Svizzera) SA admits, accepts, and acknowledges responsibility for the conduct set forth in the Statement of Facts attached hereto as Exhibit A and agrees not to make any public statement contradicting the

[1] Capitalized terms shall have the meaning ascribed to them in the Swiss Bank Program.

Statement of Facts. This Agreement does not provide any protection against prosecution for any offenses except as set forth above, and applies only to Société Générale Private Banking (Lugano-Svizzera) SA and does not apply to any other entities or to any individuals. Société Générale Private Banking (Lugano-Svizzera) SA expressly understands that the protections provided under this Agreement shall not apply to any acquirer or successor entity unless and until such acquirer or successor formally adopts and executes this Agreement. Société Générale Private Banking (Lugano-Svizzera) SA enters into this Agreement pursuant to the authority granted by its Board of Directors in the form of a Board Resolution (a copy of which is attached hereto as Exhibit B).

In recognition of the conduct described in this Agreement and in accordance with the terms of the Swiss Bank Program, Société Générale Private Banking (Lugano-Svizzera) SA agrees to pay the sum of $1,363,000 as a penalty to the Department of Justice ("the Department"). This shall be paid directly to the United States within seven (7) days of the execution of this Agreement pursuant to payment instructions provided to Société Générale Private Banking (Lugano-Svizzera) SA. This payment is in lieu of restitution, forfeiture, or a criminal fine against Société Générale Private Banking (Lugano-Svizzera) SA for the conduct described in this Agreement. The Department will take no further action to collect any additional criminal penalty from Société Générale Private Banking (Lugano-Svizzera) SA with respect to the conduct described in this Agreement, unless the Tax Division determines that Société Générale Private Banking (Lugano-Svizzera) SA has materially violated the terms of this Agreement or the Swiss Bank Program as described on pages 5-6 below. Société Générale Private Banking (Lugano-Svizzera) SA acknowledges that this penalty payment is a final payment and no portion of the payment will be refunded or returned under any circumstance, including a determination by the Tax Division that Société Générale Private Banking (Lugano-Svizzera) SA has violated any provision of this Agreement. Société Générale Private Banking (Lugano-Svizzera) SA agrees that it shall not file any petitions for remission, restoration, or any other assertion of ownership or request for return relating to the penalty amount or the calculation thereof, or file any other action or motion, or make any request or claim whatsoever, seeking to collaterally attack the payment or calculation of the penalty. Société Générale Private Banking (Lugano-Svizzera) SA agrees that it shall not assist any others in filing any such claims, petitions, actions, or motions. Société Générale Private Banking (Lugano-Svizzera) SA further agrees that no portion of the penalty that Société Générale Private Banking (Lugano-Svizzera) SA has agreed to pay to the Department under the terms of this Agreement will serve as a basis for Société Générale Private Banking (Lugano-Svizzera) SA to claim, assert, or apply for, either directly or indirectly, any tax deduction, any tax credit, or any other offset against any U.S. federal, state, or local tax or taxable income.

The Department enters into this Agreement based, in part, on the following Swiss Bank Program factors:

(a) Société Générale Private Banking (Lugano-Svizzera) SA'S timely, voluntary, and thorough disclosure of its conduct, including:

- how its cross-border business for U.S. Related Accounts was structured, operated, and supervised (including internal reporting and other communications with and among management);

- the name and function of the individuals who structured, operated, or supervised the cross-border business for U.S. Related Accounts during the Applicable Period;

- how Société Générale Private Banking (Lugano-Svizzera) SA attracted and serviced account holders; and

- an in-person presentation and documentation, properly translated, supporting the disclosure of the above information and other information that was requested by the Tax Division;

(b) Société Générale Private Banking (Lugano-Svizzera) SA's cooperation with the Tax Division, including conducting an internal investigation and making presentations to the Tax Division on the status and findings of the internal investigation;

(c) Société Générale Private Banking (Lugano-Svizzera) SA's production of information about its U.S. Related Accounts, including:

- the total number of U.S. Related Accounts and the maximum dollar value, in the aggregate, of the U.S. Related Accounts that (i) existed on August 1, 2008; (ii) were opened between August 1, 2008, and February 28, 2009; and (iii) were opened after February 28, 2009;

- the total number of accounts that were closed during the Applicable Period; and

- upon execution of the Agreement, as to each account that was closed during the Applicable Period, (i) the maximum value, in dollars, of each account, during the Applicable Period; (ii) the number of U.S. persons or entities affiliated or potentially affiliated with each account, and further noting the nature of the relationship to the account of each such U.S. person or entity or potential U.S. person or entity (e.g., a financial interest, beneficial interest, ownership, or signature authority, whether directly or indirectly, or other authority); (iii) whether it was held in the name of an individual or an entity; (iv) whether it held U.S. securities at any time during the Applicable Period; (v) the name and function of any relationship manager, client advisor, asset manager, financial advisor, trustee, fiduciary, nominee, attorney, accountant, or other individual or entity functioning in a similar capacity known by Société Générale Private Banking (Lugano-Svizzera) SA to be affiliated with said account at any time during the Applicable Period; and (vi) information concerning the transfer of funds into and out of the account during the Applicable Period, including (a) whether funds were deposited or withdrawn in cash; (b) whether funds were transferred through an intermediary (including but not limited to an asset manager, financial advisor, trustee, fiduciary, nominee, attorney, accountant, or other third party functioning in a similar capacity) and the name and function of any such intermediary; (c) identification of any financial institution and domicile of any financial institution that transferred funds into or received funds from the account; and (d) identification of any country to or from which funds were transferred; and

(d) Société Générale Private Banking (Lugano-Svizzera) SA's retention of a qualified independent examiner who has verified the information Société Générale Private Banking (Lugano-Svizzera) SA disclosed pursuant to II.D.2 of the Swiss Bank Program.

Under the terms of this Agreement, Société Générale Private Banking (Lugano-Svizzera) SA shall: (a) commit no U.S. federal offenses; and (b) truthfully and completely disclose, and continue to disclose during the term of this Agreement, consistent with applicable law and regulations, all material information described in Part II.D.1 of the Swiss Bank Program that is not protected by a valid claim of privilege or work product with respect to the activities of Société Générale Private Banking (Lugano-Svizzera) SA, those of its parent company and its affiliates, and its officers, directors, employees, agents, consultants, and others, which information can be used for any purpose, except as otherwise limited in this Agreement.

Notwithstanding the term of this Agreement, Société Générale Private Banking (Lugano-Svizzera) SA shall also, subject to applicable laws or regulations: (a) cooperate fully with the Department, the Internal Revenue Service, and any other federal law enforcement agency designated by the Department regarding all matters related to the conduct described in this Agreement; (b) provide all necessary information and assist the United States with the drafting of treaty requests seeking account information of U.S. Related Accounts, whether open or closed, and collect and maintain all records that are potentially responsive to such treaty requests in order to facilitate a prompt response; (c) assist the Department or any designated federal law enforcement agency in any investigation, prosecution, or civil proceeding arising out of or related to the conduct covered by this Agreement by providing logistical and technical support for any meeting, interview, federal grand jury proceeding, or any federal trial or other federal court proceeding; (d) use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, director, employee, agent, or consultant of Société Générale Private Banking (Lugano-Svizzera) SA at any meeting or interview or before a federal grand jury or at any federal trial or other federal court proceeding regarding matters arising out of or related to the conduct covered by this Agreement; (e) provide testimony of a competent witness as needed to enable the Department and any designated federal law enforcement agency to use the information and evidence obtained pursuant to Société Générale Private Banking (Lugano-Svizzera) SA's participation in the Swiss Bank Program; (f) provide the Department, upon request, consistent with applicable law and regulations, all information, documents, records, or other tangible evidence not protected by a valid claim of privilege or work product regarding matters arising out of or related to the conduct covered by this Agreement about which the Department or any designated federal law enforcement agency inquires, including the translation of significant documents at the expense of Société Générale Private Banking (Lugano-Svizzera) SA; and (g) provide to any state law enforcement agency such assistance as may reasonably be requested in order to establish the basis for admission into evidence of documents already in the possession of such state law enforcement agency in connection with any state civil or criminal tax proceedings brought by such state law enforcement agency against an individual arising out of or related to the conduct described in this Agreement.

Société Générale Private Banking (Lugano-Svizzera) SA further agrees to undertake the following:

1. Société Générale Private Banking (Lugano-Svizzera) SA agrees, to the extent it has not provided complete transaction information pursuant to Part II.D.2.b.vi of the Swiss Bank Program, and set forth in subparagraph (c) on pages 2-3 of this Agreement, because the Tax Division has agreed to specific dollar threshold limitations for the initial production, Société Générale Private Banking (Lugano-Svizzera) SA will promptly provide the entirety of the transaction information upon request of the Tax Division.

2. Société Générale Private Banking (Lugano-Svizzera) SA agrees to close as soon as practicable, and in no event later than two years from the date of this Agreement, any and all accounts of recalcitrant account holders, as defined in Section 1471(d)(6) of the Internal Revenue Code; has implemented, or will implement, procedures to prevent its employees from assisting recalcitrant account holders to engage in acts of further concealment in connection with closing any account or transferring any funds; and will not open any U.S. Related Accounts except on conditions that ensure that the account will be declared to the United States and will be subject to disclosure by Société Générale Private Banking (Lugano-Svizzera) SA.

3. Société Générale Private Banking (Lugano-Svizzera) SA agrees to use best efforts to close as soon as practicable, and in no event later than the four-year term of this Agreement, any and all U.S. Related Accounts classified as "dormant" in accordance with applicable laws, regulations and guidelines, and will provide periodic reporting upon request of the Tax Division if unable to close any dormant accounts within that time period. Société Générale Private Banking (Lugano-Svizzera) SA will only provide banking or securities services in connection with any such "dormant" account to the extent that such services are required pursuant to applicable laws, regulations and guidelines. If at any point contact with the account holder(s) (or other person(s) with authority over the account) is re-established, Société Générale Private Banking (Lugano-Svizzera) SA will promptly proceed to follow the procedures described above in paragraph 2.

4. Société Générale Private Banking (Lugano-Svizzera) SA agrees to retain all records relating to its U.S. cross-border business, including records relating to all U.S. Related Accounts closed during the Applicable Period, for a period of ten (10) years from the termination date of the this Agreement.

With respect to any information, testimony, documents, records or other tangible evidence provided to the Tax Division pursuant to this Agreement, the Tax Division provides notice that it may, subject to applicable law and regulations, disclose such information or materials to other domestic governmental authorities for purposes of law enforcement or regulatory action as the Tax Division, in its sole discretion, shall deem appropriate.

Société Générale Private Banking (Lugano-Svizzera) SA's obligations under this Agreement shall continue for a period of four (4) years from the date this Agreement is fully executed. Société Générale Private Banking (Lugano-Svizzera) SA, however, shall cooperate fully with the Department in any and all matters relating to the conduct described in this Agreement, until the date on which all civil or criminal examinations, investigations, or proceedings, including all appeals, are concluded, whether those examinations, investigations, or proceedings are concluded within the four-year term of this Agreement.

It is understood that if the Tax Division determines, in its sole discretion, that: (a) Société Générale Private Banking (Lugano-Svizzera) SA committed any U.S. federal offenses during the term of this Agreement; (b) Société Générale Private Banking (Lugano-Svizzera) SA or any of its representatives have given materially false, incomplete, or misleading testimony or information; (c) the misconduct extended beyond that described in the Statement of Facts or disclosed to the Tax Division pursuant to Part II.D.1 of the Swiss Bank Program; or (d) Société Générale Private Banking (Lugano-Svizzera) SA has otherwise materially violated any provision of this Agreement or the terms of the Swiss Bank Program, then (i) Société Générale Private Banking (Lugano-Svizzera) SA shall thereafter be subject to prosecution and any applicable penalty, including restitution, forfeiture, or criminal fine, for any federal offense of which the Department has knowledge, including perjury and obstruction of justice; (ii) all statements made by Société Générale Private Banking (Lugano-Svizzera) SA's representatives to the Tax Division or other designated law enforcement agents, including but not limited to the appended Statement of Facts, any testimony given by Société Générale Private Banking (Lugano-Svizzera) SA's representatives before a grand jury or other tribunal whether prior to or subsequent to the signing of this Agreement, and any leads therefrom, and any documents provided to the Department, the Internal Revenue Service, or designated law enforcement authority by Société Générale Private Banking (Lugano-Svizzera) SA shall be admissible in evidence in any criminal proceeding brought against Société Générale Private Banking (Lugano-Svizzera) SA and relied upon as evidence to support any penalty on Société Générale Private Banking (Lugano-Svizzera) SA; and (iii) Société Générale Private Banking (Lugano-Svizzera) SA shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or documents or any leads therefrom should be suppressed.

Determination of whether Société Générale Private Banking (Lugano-Svizzera) SA has breached this Agreement and whether to pursue prosecution of Société Générale Private Banking (Lugano-Svizzera) SA shall be in the Tax Division's sole discretion. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, Société Générale Private Banking (Lugano-Svizzera) SA, will be imputed to Société Générale Private Banking (Lugano-Svizzera) SA for the purpose of determining whether Société Générale Private Banking (Lugano-Svizzera) SA has materially violated any provision of this Agreement shall be in the sole discretion of the Tax Division.

In the event that the Tax Division determines that Société Générale Private Banking (Lugano-Svizzera) SA has breached this Agreement, the Tax Division agrees to provide Société Générale Private Banking (Lugano-Svizzera) SA with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, Société Générale Private Banking (Lugano-Svizzera) SA may respond to the Tax Division in writing to explain the nature and circumstances of such breach, as well as the actions that Société Générale Private Banking (Lugano-Svizzera) SA has taken to address and remediate the situation, which explanation the Tax Division shall consider in determining whether to pursue prosecution of Société Générale Private Banking (Lugano-Svizzera) SA.

In addition, any prosecution for any offense referred to on page 1 of this Agreement that is not time-barred by the applicable statute of limitations on the date of the announcement of the Swiss Bank Program (August 29, 2013) may be commenced against Société Générale Private Banking (Lugano-Svizzera) SA, notwithstanding the expiration of the statute of limitations between such date and the commencement of such prosecution. For any such prosecutions, Société Générale Private Banking (Lugano-Svizzera) SA waives any defenses premised upon the expiration of the statute of limitations, as well as any constitutional, statutory, or other claim concerning pre-indictment delay and agrees that such waiver is knowing, voluntary, and in express reliance upon the advice of Société Générale Private Banking (Lugano-Svizzera) SA's counsel.

It is understood that the terms of this Agreement, do not bind any other federal, state, or local prosecuting authorities other than the Department. If requested by Société Générale Private Banking (Lugano-Svizzera) SA, the Tax Division will, however, bring the cooperation of Société Générale Private Banking (Lugano-Svizzera) SA to the attention of such other prosecuting offices or regulatory agencies.

It is further understood that this Agreement and the Statement of Facts attached hereto may be disclosed to the public by the Department and Société Générale Private Banking (Lugano-Svizzera) SA consistent with Part V.B of the Swiss Bank Program.

This Agreement supersedes all prior understandings, promises and/or conditions between the Department and Société Générale Private Banking (Lugano-Svizzera) SA. No additional promises, agreements, and conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by both parties.

05/28/2015

CAROLINE D. CIRAOLO
Acting Assistant Attorney General
Tax Division

28 May 2015

THOMAS J. SAWYER
Senior Counsel for International Tax Matters

28 may 2015

KAREN M. QUESNEL
Trial Attorney
Tax Division, U.S. Department of Justice

AGREED AND CONSENTED TO:

SOCIÉTÉ GÉNÉRALE PRIVATE BANKING (LUGANO-SVIZZERA) AG

By: ______________________ 21/05/15
MARCO TINI DATE
Chief Executive Officer

By: ______________________ 21/05/2015
BRUNO REY DATE
Member of the Executive Board

APPROVED:

______________________ 5/26/15
Keith Krakaur, Esquire DATE
Skadden, Arps, Slate, Meagher & Flom LLP

______________________ 5/26/15
Gary DiBianco, Esquire DATE
Skadden, Arps, Slate, Meagher & Flom LLP

# EXHIBIT A TO SOCIÉTÉ GÉNÉRALE PRIVATE BANKING (LUGANO-SVIZZERA) NON-PROSECUTION AGREEMENT

## STATEMENT OF FACTS

## INTRODUCTION

1. Société Générale Private Banking (Lugano-Svizzera) SA ("SGPB-Lugano") is a subsidiary of Société Générale Private Banking (Suisse) SA ("SGPB-Suisse"). SGPB-Lugano (the "Bank") has its own board of directors, chief executive officer, and governance structure. The Bank is headquartered in Lugano, Switzerland, and was established in 1974. After a series of corporate combinations and integration into the Société Générale Group, the Bank adopted its current name in 2003. The Bank's desks are organized by relevant relationship managers and not by region or account type. The Bank never maintained a U.S. desk or business group.

2. During the Applicable Period, as defined in the United States Department of Justice's Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks (referred to as the "Swiss Bank Program"), the Bank had approximately 5,800 accounts and approximately $2.5 billion in assets under management.

## U.S. INCOME TAX & REPORTING OBLIGATIONS

3. U.S. citizens, resident aliens, and legal permanent residents have an obligation to report all income earned from foreign bank accounts on their tax returns and to pay the taxes due on that income. Since tax year 1976, U.S. citizens, resident aliens, and legal permanent residents have had an obligation to report to the Internal Revenue Service ("IRS") on Schedule B of a U.S. Individual Income Tax Return, Form 1040, whether they had a financial interest in, or signature authority over, a financial account in a foreign country in a particular year by checking "Yes" or "No" in the appropriate box and identifying the country where the account was maintained.

4. Since 1970, U.S. citizens, resident aliens, and legal permanent residents who have had a financial interest in, or signature authority over, one or more financial accounts in a foreign country with an aggregate value of more than $10,000 at any time during a particular year have been required to file with the Department of the Treasury a Report of Foreign Bank and Financial Accounts, FinCEN Form 114 (the "FBAR," formerly known as Form TD F 90-22.1). The FBAR must be filed on or before June 30 of the following year.

5. An "undeclared account" was a financial account owned by an individual subject to U.S. tax and maintained in a foreign country that had not been reported by the individual account owner to the U.S. government on an income tax return or other form and an FBAR as required.

6. "U.S. Related Accounts" means accounts which exceeded $50,000 in value at any time during the Applicable Period, and as to which indicia exist that a U.S. Person or Entity has or had a financial or beneficial interest in, ownership of, or signature authority (whether direct or indirect) or other authority over the account.

7. Since 1935, Switzerland has maintained criminal laws that ensure the secrecy of client relationships at Swiss banks. While Swiss law permits the exchange of information in response to administrative requests made pursuant to a tax treaty with the United States and certain legal requests in cases of tax fraud, Swiss law otherwise prohibits the disclosure of identifying information without client authorization. Because of the secrecy guarantee that they created, these Swiss criminal provisions have historically enabled U.S. clients to conceal their Swiss bank accounts from U.S. authorities.

8. In or about 2008, Swiss bank UBS AG ("UBS") publicly announced that it was the target of a criminal investigation by the Internal Revenue Service and the United States Department of Justice and that it would be exiting and no longer accepting certain U.S. clients. On February 18, 2009, the Department of Justice and UBS filed a deferred prosecution agreement in the Southern District of Florida in which UBS admitted that its cross-border banking business used Swiss privacy law to aid and assist U.S. clients in opening accounts and maintaining undeclared assets and income from the IRS. Since the UBS investigation became public, several other Swiss banks have publicly announced that they were or are the targets of similar criminal investigations and that they would likewise be exiting and not accepting certain U.S. clients (UBS and the other targeted Swiss banks are collectively referred to as "Category 1 banks"). These cases have been closely monitored by banks operating in Switzerland, including SGPB-Lugano, since at least August of 2008.

## OVERVIEW OF THE U.S. CROSS-BORDER BUSINESS

9. Unlike some other private banks, SGPB-Lugano never maintained a U.S. desk or business group dedicated to U.S. taxpayers, and it did not market its services in the United States nor to U.S. taxpayers. In addition, U.S. clients were not targeted in the Bank's business plan. However, through referrals and pre-existing relationships, the Bank accepted, opened, and maintained accounts for a limited number of U.S. taxpayers as accountholders. From 2008 until 2011, a maximum of three private bankers referred to as relationship managers supervised U.S. Related Accounts. Beginning in 2011, only one relationship manager supervised U.S. Related Accounts.

10. The Bank was aware that U.S. taxpayers had a legal duty to report to the IRS and pay taxes on all of their income, including income earned in accounts that these U.S. taxpayers maintained at the Bank. The Bank knew that it was likely that certain U.S. taxpayers who maintained accounts at the Bank during the Applicable Period were not complying with their U.S. reporting obligations.

11. SGPB-Lugano, during the Applicable Period, held and managed approximately 109 U.S. Related Accounts, which included both declared and undeclared accounts, with a

peak of assets under management of approximately $139.6 million.

12. SGPB-Lugano offered a variety of traditional Swiss banking services which it knew could and did assist U.S. clients in the concealment of assets and income from the IRS. One such service was hold mail. During the Applicable Period, at the request of U.S. taxpayers, the Bank held bank statements and other account-related mail ("hold mail services") at the Bank's offices in Switzerland for 39 U.S. Related Accounts, rather than sending the documents to U.S. taxpayers in the United States. As a consequence, documents reflecting the existence of the accounts remained outside of the U.S. Hold mail services were in place at the Bank before the start of the Applicable Period. The Bank also maintained 32 "numbered" U.S. Related Accounts during the Applicable Period. Additionally, in a small number of instances, the Bank maintained records in its files in which certain U.S. taxpayers expressly instructed the Bank, on standard Qualified Intermediary forms that were widely used in the Swiss banking industry prior to the Applicable Period, to not disclose their names to the IRS, to sell their U.S. securities, and to not invest in U.S. securities.

13. The Bank used a variety of other means to assist U.S. clients in concealing their SGPB-Lugano undeclared accounts, including by:

- opening and maintaining accounts for some U.S. taxpayers in the name of non-U.S. corporations, foundations, trusts, or other entities, including sham entities, thereby assisting such U.S. taxpayers in concealing their beneficial ownership of the accounts. The last such account was closed on March 28, 2013;

- having, in three instances, an officer of the Bank act as officer of sham entities that had U.S. taxpayers as beneficial owners;

- processing requests for cash withdrawals totaling approximately $276,000 by U.S. taxpayers from accounts being closed and then maintaining the funds in a safe deposit box at the Bank;

- referring U.S. taxpayers who asked for certain wealth planning structures to a third-party fiduciary firm ("Fiduciary Firm A"). In some of those instances, Fiduciary Firm A made available a bank account held in the name of a nominee controlled by Fiduciary Firm A to allow the U.S. related account holders to transfer out or receive funds without disclosing their bank account number to third parties. For one U.S. taxpayer, Fiduciary Firm A made dedicated subaccounts available;

- providing a recommendation to and assisting a U.S. taxpayer who was the beneficial owner of a Liechtenstein foundation in donating account assets totaling approximately 1.2 million Swiss francs to a charitable foundation in Switzerland. Bank records reflect that the senior bank official who provided the recommendation about the donation met with the beneficial owner in Canada and Switzerland prior to the donation to the charitable foundation and closure of the account. Despite the advice of the Bank, the beneficial owner was not willing to enter into a voluntary disclosure program; and

- making so-called "transitory" accounts available to certain holders of U.S. Related Accounts at SGPB-Lugano. Transitory accounts were nominee accounts used, inter alia, by multiple account holders to transfer funds in such a way as to shield the identity and account number of the account holder. Because the funds generally passed quickly through these accounts, the total assets under management for the accounts was minimal.

14. SGPB-Lugano opened, serviced, and profited from accounts for U.S. clients with the knowledge that some were likely not complying with their U.S. income tax obligations. Due in part to the assistance of SGPB-Lugano and its personnel, and with the knowledge that Swiss banking secrecy laws would prevent the Bank from disclosing their identities to the IRS, some U.S. clients of SGPB-Lugano filed false and fraudulent U.S. Individual Income Tax Returns, Forms 1040, which failed to report their interests in their undeclared accounts and the related income. Some of SGPB-Lugano's U.S. clients also failed to file and otherwise report their undeclared accounts on FBARs.

15. Relationship managers served as the primary contact for U.S. clients with accounts at SGPB-Lugano. Each active account is assigned to at least one relationship manager. As mentioned above, from 2008 until 2011, a maximum of three relationship managers supervised U.S. Related Accounts. Beginning in 2011, only one relationship manager supervised U.S. Related Accounts. Certain relationship managers actively assisted or otherwise facilitated some U.S. individual taxpayers in establishing and maintaining undeclared accounts in a manner designed to conceal the U.S. taxpayers' ownership or beneficial interest in their accounts. Relationship managers were responsible for opening and managing client accounts at the Bank, but, in 2012, the Bank also required new U.S. client accounts to be approved by senior management to ensure compliance with its U.S. client policies.

16. SGPB-Lugano had a desk in charge of accounts that were introduced and managed by external asset managers. The analysis of the Bank's accounts revealed that 38 of the U.S. Related Accounts were managed by 11 different external asset managers. Seven were U.S. external asset managers, six of whom were registered with the SEC; and four were Swiss external asset managers, one of whom was registered with the SEC. The four Swiss external asset managers managed 12 U.S. Related Accounts, and the Swiss external asset manager registered with the SEC managed six U.S. Related Accounts. The high value of the assets under management of these 38 U.S. Related Accounts totaled approximately $46 million, corresponding to approximately 46 percent of the U.S. Related Accounts held at SGPB-Lugano.

17. In 2003, the Bank created a committee to approve all new client relationships. Beginning in 2008, in accordance with a policy adopted by SGPB-Suisse, the Bank enacted a policy (the "2008 policy") that sought to avoid reputational risks that could

arise from the unauthorized solicitation of U.S. clients in relation to U.S. securities laws. Under the 2008 policy, the Bank instructed that written correspondence should not be sent to clients in the U.S. and that all correspondence should be maintained at the Bank. Additionally, the 2008 policy prohibited the provision of investment advice and imposed a requirement that any bank employee obtain approval from his or her line manager before planning travel to the United States. In the fall of 2008, two employees, including Director 95, travelled to the United States for the purpose of informing all U.S. clients, or their U.S. external asset managers, that the Bank would soon close any accounts not in tax compliance.

18. In mid to late 2008, in the wake of the UBS investigation, SGPB-Lugano began to assess the risks of its own U.S. cross-border business. In 2009, the Bank initiated a process to contact U.S. taxpayers to encourage them to regularize or close their accounts. In the spring of 2009, the Bank initiated a process to ascertain whether U.S. clients holding accounts with the Bank had signed an IRS Form W-9. When U.S. clients held accounts without an IRS Form W-9 on file, the Bank either sought to obtain confirmation that the client had regularized the account or requested the closure of the account.

19. Following implementation of the Dodd-Frank Act in 2012, SGPB-Lugano decided to cease providing financial services to U.S. residents, companies registered in the United States, or non-U.S. "domiciliary" companies when at least one beneficial owner was a U.S. person domiciled in the United States. Any person who established a permanent address in the United States could no longer remain a client of the Bank. In 2012, the Bank issued a directive (the "2012 directive") concerning its cross-border activities. The 2012 directive generally required that all services be rendered in compliance with local laws and regulations. Additionally, in 2012, the Bank reinforced the 2008 policy and established a new policy prohibiting the provision of financial services to U.S. residents, companies registered in the United States, or non-U.S. "domiciliary" companies having a U.S. resident as at least one beneficial owner. At the direction of SGPB-Suisse, the Bank began to close pre-existing accounts that fell into one of those categories. Furthermore, the Bank issued a new policy in 2012 requiring approval for any new client relationship with a U.S. person. The new policy instructed that only accounts for non-resident U.S. persons could be approved. As part of the approval process, all potential new clients went through a compliance procedure designed to determine if the client met any of the FATCA U.S. Related Accounts indicia. The Bank requested that each client provide a permanent phone number. The Bank required all clients showing U.S. indicia to sign an IRS Form W-8 or W-9. If the client showed no U.S. indicia, the Bank required the client to confirm their non-U.S. status.

20. The Bank closed 101 U.S. Related Accounts with a total of assets under management of $95,680,588 since August 1, 2008.

21. In December of 2013, SGPB-Lugano entered the Swiss Bank Program as a Category 2 bank.

## THE USE BY U.S. CLIENTS OF STRUCTURES, INCLUDING SHAM ENTITIES

22. For 16 U.S. Related Accounts, SGPB-Lugano maintained accounts for U.S. taxpayers as beneficial owners of accounts held by non-U.S. corporations, foundations, or other entities, some of which were sham entities, that concealed the beneficial ownership of the U.S. taxpayers. In relation to three groups of such accounts, the sham entities included Panama corporations and Liechtenstein foundations that were established by a predecessor entity of the Bank.

23. In relation to two groups of such U.S. Related Accounts, internal notes or memoranda from November 2000 reflect that the Bank was aware that the U.S. beneficial owners of the accounts had not declared the assets for U.S. tax purposes, that the accounts were structured to maintain the accounts as undeclared, and that no U.S. securities should be purchased for the accounts.

24. With respect to four groups of such U.S. Related Accounts, a third-party Fiduciary Firm A located in Lugano participated, with a predecessor entity of the Bank, in establishing Panama corporations and Liechtenstein foundations that were used to conceal the true ownership of the accounts. In relation to two groups of such accounts, Fiduciary Firm A made available a bank account held by a U.S. domiciliary company controlled by Fiduciary Firm A to allow SGPB-Lugano clients, including U.S. Related account holders, to transfer or receive funds without disclosing their bank account number to third parties. For one U.S. taxpayer, Fiduciary Firm A made dedicated subaccounts available.

25. During the course of its cooperation with the Swiss Bank Program, SGPB-Lugano identified two accounts involving sham entities with respect to which a senior bank official, a member of the board of directors (Director 95), helped U.S. clients conceal accounts and assets. Director 95 was a relationship manager prior to the Applicable Period. Director 95 was personally involved in one account that was opened in 1987 at a predecessor bank that merged with Société Générale in 2003. The second account was opened in 2000. Both accounts were undeclared at opening. Director 95 had worked at the predecessor bank, had a relationship with the beneficial owner of the 1987 account, and was the relationship manager of the 1987 account. The account holder for the 1987 account was a Liechtenstein foundation, and a U.S. citizen and resident was the beneficial owner of the account. A Panama entity was the account holder of the 2000 account. The Liechtenstein foundation from the 1987 account owned the Panama entity. Fiduciary Firm A set up the Panama entity. A November 2000 memo in the Bank's files indicates that the assets associated with the 2000 account were undeclared and that the U.S. beneficial owners could not invest in U.S. Securities. Beginning in 2004, Director 95 served as a member of the board of the Liechtenstein entity. The accounts were closed in 2009, when the assets were transferred into a new account after the Bank recommended that the U.S. beneficial owners enter into a voluntary disclosure program. Director 95 traveled to the United States and Canada to meet with U.S. clients. During the Applicable Period, Director

95 had an agreement with the bank pursuant to which Director 95 was entitled to receive retrocession fees for accounts he introduced to the bank. Director 95 is no longer employed at the Bank.

26. In one instance, Director 95 helped U.S. citizens and residents combine their assets into their SGPB-Lugano existing account, which was held in the name of two trusts and a Texas non-profit corporation, with a transfer of $7.5 million of physical gold from their account at another Swiss bank. The Bank held correspondence in Switzerland for this account. Director 95, along with others who were not employed by SGPB-Lugano, had individual signature authority over a safe deposit box held by the account holders. The beneficial owners of the accounts completed OVDI in 2011 for the years 2003 to 2008. In 2013, the accounts for the two trusts and the Texas non-profit corporation were closed and all remaining assets, including gold and securities, were transferred to another Swiss bank.

## CLOSING OF ACCOUNTS AND CONCEALMENT OF ASSETS

27. In 2009, as part of the Bank's efforts to regularize or close U.S. Related Accounts, in connection with the closing of two U.S. Related Accounts, the Bank followed instructions from U.S. taxpayers to withdraw funds in cash from the accounts and then maintain the funds in the clients' safe deposit box at the Bank. For four U.S. Related Accounts, the Bank processed the clients' requests to transfer funds from these accounts to a safe to which Director 95 had access. Also, a numbered account, opened in June 2000, was closed and all securities associated with the account were sold. The account holder placed the cash proceeds from the sale of the securities at the cashier's desk of the Bank in the custody of Director 95 until the account holder could collect the assets.

28. The Bank executed instructions from beneficial owners of two U.S. Related Accounts, opened before the Applicable Period, to transfer assets to accounts held by non-U.S. citizens and residents. After the transfer of these assets, the U.S. Related Accounts were closed.

## SGPB-LUGANO'S COOPERATION THROUGHOUT THE SWISS BANK PROGRAM

29. Throughout its participation in the Swiss Bank Program, SGPB-Lugano committed to providing full cooperation to the U.S. government and has made timely and comprehensive disclosures regarding its U.S. cross-border business. Specifically, the Bank, with the assistance of U.S. and Swiss counsel, forensic investigators, and in compliance with Swiss privacy law has:

- conducted an internal investigation, which included, but is not limited to: (a) interviews of a key relationship manager and members of management; (b) reviews of client account files and correspondence; (c) analysis of relevant management policies; and (d) email searches;

- provided information concerning seven U.S. client accounts held at SGPB-Lugano in Switzerland since August of 2008 sufficient to make treaty requests to the Swiss competent authority for U.S. client account records;

- described in detail the structure of its U.S. cross-border business which included but is not limited to: (a) its cross-border business policies; (b) a summary of the top ten U.S. Related Accounts by assets under management; (c) a redacted summary of the top ten external asset managers and relationship managers with U.S. Related Accounts by assets under management; (d) information about U.S. Related Accounts associated with external asset managers and relationship managers; and (e) written narrative summaries of 39 U.S. Related Accounts, including the top ten accounts by assets under management, five accounts involving structures (including sham entities), historically undeclared U.S. Related Accounts opened on or after 2000 with indicia of participation in an OVDP or no mitigation factors, the circumstances surrounding the closure of relevant accounts holding cash or gold, and U.S. Related Accounts described in the Bank's statement of facts.

- provided a list of the names and functions of nine individuals who structured, operated, or supervised the cross-border business at SGPB-Lugano. These individuals served as the chief executive officer, the deputy chief executive officer, compliance officers, managers, relationship managers, and a member of the board. Because the Bank had neither a U.S. desk nor a dedicated department for U.S. clients, the persons mentioned on the list are persons who structured, operated, or supervised the Bank's business generally and implemented the relevant policies concerning U.S. persons and cross-border business; and

- provided information about its relationship managers and its dealings with external asset managers.

**EXHIBIT B TO NON-PROSECUTION AGREEMENT**

**RESOLUTION OF THE BOARD OF DIRECTORS OF**

**SOCIÉTÉ GÉNÉRALE PRIVATE BANKING (LUGANO-SVIZZERA) SA**

At a duly held meeting held on **May 21st, 2015**, the Board of Directors (the "Board") of Société Générale Private Banking (Lugano-Svizzera) SA (the "Company") resolved as follows:

**WHEREAS**, the Company has been engaged in discussions with the United States Department of Justice (the "DOJ") regarding certain issues arising out of, in connection with, or otherwise relating to the conduct of its U.S. cross-border business;

**WHEREAS**, in order to resolve such discussions, it is proposed that the Company enter into a certain non-prosecution agreement with the DOJ (the "Agreement"); and

**WHEREAS**, the Company's U.S. and Swiss counsel have advised the Board of Directors of the Company's rights, possible defenses, and the consequences of entering into the Agreement;

This Board hereby **RESOLVES** that:

1. The Board of the Company has reviewed the entire Agreement attached hereto, including the Statement of Facts attached as Exhibit A to the Agreement, consulted with Swiss and U.S. counsel in connection with this matter and voted to enter into the Agreement, including to pay a sum of $ 1'363'000.00 to DOJ in connection with the Agreement;

2. Any of Marco Tini, Chief Executive Officer, Luigi di Pirro, Deputy Chief Executive Officer, Bruno Rey, Chief Operating Officer, Mohammed Bensbih, Vice President, with joint signature by two; or Keith D. Krakaur of Skadden, Arps Skadden, Arps, Slate, Meagher & Flom LLP by sole signature (collectively, the "Authorized Signatories"), are hereby authorized on behalf of the Company to execute the Agreement substantially in such form as reviewed by this Board with such non-material changes as the Authorized Signatories may approve;

3. The Board hereby authorizes, empowers and directs the Authorized Signatories to take, on behalf of the Company, any and all actions as may be necessary or appropriate, and to approve and execute the forms, terms or provisions of any agreement or other document, as may be necessary or appropriate to carry out and effectuate the purpose and intent of the foregoing resolutions; and

4. All of the actions of the Authorized Signatories of the Company, are hereby severally ratified, confirmed, approved and adopted as actions on behalf of the Company.

**IN WITNESS WHEREOF, the Board of Directors of the Company has executed this Resolution.**

**GUILLAUME LEJOINDRE**
**Chairman of the Board**

**OLIVIER AUBENAS**
**Member of the Board**