



U.S. Department of Justice

Tax Division

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CDC:TJS:TJS:KMSullivan
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November 9, 2015

VIA EMAIL

Joan E. Meyer, Esq.
Baker & McKenzie LLP
815 Connecticut Avenue NW
Washington, DC 20006

Re: Bank CIC (Schweiz)
DOJ Swiss Bank Program – Category 2
Non-Prosecution Agreement

Dear Ms. Meyer:

Bank CIC (Schweiz) (“Bank CIC”) submitted a Letter of Intent on December 26, 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 Bank CIC in its Letter of Intent and information provided by Bank CIC 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 Bank CIC of the Swiss Bank Program will constitute a breach of this Agreement.

On the understandings specified below, the Department of Justice will not prosecute Bank CIC 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 Bank CIC during the Applicable Period (the “conduct”). Bank CIC 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 Statement of Facts. This Agreement does not provide any protection against prosecution for any offenses except as set forth above, and applies only to Bank CIC and does not apply to any other entities or to any individuals. Bank CIC expressly

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

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. Bank CIC 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, Bank CIC agrees to pay the sum of \$3,281,000 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 Bank CIC. This payment is in lieu of restitution, forfeiture, or criminal fine against Bank CIC for the conduct described in this Agreement. The Department will take no further action to collect any additional criminal penalty from Bank CIC with respect to the conduct described in this Agreement, unless the Tax Division determines Bank CIC has materially violated the terms of this Agreement or the Swiss Bank Program as described on pages 5-6 below. Bank CIC 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 Bank CIC has violated any provision of this Agreement. Bank CIC 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. Bank CIC agrees that it shall not assist any others in filing any such claims, petitions, actions, or motions. Bank CIC further agrees that no portion of the penalty that Bank CIC has agreed to pay to the Department under the terms of this Agreement will serve as a basis for Bank CIC 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) Bank CIC'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 Bank CIC 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) Bank CIC'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) Bank CIC'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 Bank CIC 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) Bank CIC's retention of a qualified independent examiner who has verified the information Bank CIC disclosed pursuant to II.D.2 of the Swiss Bank Program.

Under the terms of this Agreement, Bank CIC 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 Bank CIC, 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 terms of this Agreement, Bank CIC 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 Bank CIC 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 Bank CIC'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 Bank CIC; 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.

Bank CIC further agrees to undertake the following:

1. Bank CIC 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, Bank CIC will promptly provide the entirety of the transaction information upon request of the Tax Division.
2. Bank CIC 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 Bank CIC.

3. Bank CIC 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. Bank CIC 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, Bank CIC will promptly proceed to follow the procedures described above in paragraph 2.
4. Bank CIC 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.

Bank CIC's obligations under this Agreement shall continue for a period of four (4) years from the date this Agreement is fully executed. Bank CIC, 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) Bank CIC committed any U.S. federal offenses during the term of this Agreement; (b) Bank CIC 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) Bank CIC has otherwise materially violated any provision of this Agreement or the terms of the Swiss Bank Program, then (i) Bank CIC 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 Bank CIC'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 Bank CIC'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 Bank CIC shall be admissible in evidence in any criminal proceeding brought against Bank CIC and relied upon as evidence to support any penalty on Bank CIC; and (iii) Bank CIC 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 Bank CIC has breached this Agreement and whether to pursue prosecution of Bank CIC 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, Bank CIC, will be imputed to Bank CIC for the purpose of determining whether Bank CIC 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 Bank CIC has breached this Agreement, the Tax Division agrees to provide Bank CIC with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, Bank CIC may respond to the Tax Division in writing to explain the nature and circumstances of such breach, as well as the actions that Bank CIC has taken to address and remediate the situation, which explanation the Tax Division shall consider in determining whether to pursue prosecution of Bank CIC.

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 Bank CIC, notwithstanding the expiration of the statute of limitations between such date and the commencement of such prosecution. For any such prosecutions, Bank CIC 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 Bank CIC'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 Bank CIC, the Tax Division will, however, bring the cooperation of Bank CIC 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 Bank CIC consistent with Part V.B of the Swiss Bank Program.

This Agreement supersedes all prior understandings, promises and/or conditions between the Department and Bank CIC. 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.

[Signatures to Follow on Next Page]



CAROLINE D. CIRAOLO
Acting Assistant Attorney General
Tax Division

11/19/2015
DATE



THOMAS J. SAWYER
Senior Counsel for International Tax Matters

19 November 2015
DATE



KAYCEE M. SULLIVAN
Trial Attorney

11/19/2015
DATE

AGREED AND CONSENTED TO:

BANK CIC

By: 
PHILIPPE VIDAL
President, Board of Directors

11/13/2015
DATE

By: 
THOMAS K. MULLER
Chief Executive Officer

11.11.2015
DATE

APPROVED:


JOANE E. MEYER
Baker & McKenzie LLP

11/18/2015
DATE

EXHIBIT A TO BANK CIC NON-PROSECUTION AGREEMENT

STATEMENT OF FACTS

BACKGROUND

1. Bank CIC (“Bank CIC or the Bank”) is a subsidiary of the French financial group Crédit Mutuel-CIC, one of the largest banking groups in France. Despite its participation in the French group, the Bank’s origin is Swiss. Bank CIC was founded in 1909 as the Swiss branch of the French “Banque d’Alsace et de Lorraine.” In 1931, the Bank was acquired by the French “Banque CIAL,” which is headquartered in Strasbourg. In 2008, the Bank formally changed its name to “Bank CIC (Switzerland) Ltd.”
2. In addition to its main office in Basel, Bank CIC has eight branches, all in Switzerland: Lausanne, Zurich, Geneva, Lugano, Locarno, Neuchatel, Fribourg, and Sion. As of December 31, 2013, the Bank had a balance sheet of 5.4 billion Swiss francs, approximately 300 employees, and approximately 34,000 total customer accounts (retail and commercial clients).
3. Bank CIC’s client base consists principally of Swiss residents and residents of neighboring countries, including Germany, France, Austria, and Italy. In a small percentage of cases, these European clients are U.S. persons due to being born in the United States or otherwise obtaining U.S. citizenship. Historically, the Bank also had a small number of U.S.-person clients that resided in the United States, usually with close ties to Switzerland.

U.S. INCOME TAX & REPORTING OBLIGATIONS

4. 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 the Schedule B of a U.S. Individual Income Tax Return, Form 1040, whether that individual 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.
5. 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 were 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.

6. 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.
7. “U.S. Related Accounts” means accounts which exceeded \$50,000 in value at any time during the Applicable Period,¹ 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.
8. 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.
9. 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 UBS, 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 I banks”). These cases have been closely monitored by banks operating in Switzerland, including Bank CIC, since at least August of 2008.

QUALIFIED INTERMEDIARY AGREEMENT

10. In 2001, Bank CIC signed a Qualified Intermediary (“QI”) Agreement with the IRS. The Qualified Intermediary regime provided a comprehensive framework for U.S. information reporting and tax withholding by a non-U.S. financial institution with respect to U.S. securities. The QI Agreement was designed to help ensure that, with respect to

¹ Capitalized terms not otherwise defined in this Statement of Facts have the meanings set forth in the Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks, issued on August 29, 2013 (the “Swiss Bank Program”) or in the Agreement between the United States of America and Switzerland for Cooperation to Facilitate the Implementation of FATCA, dated February 14, 2013 (the “FATCA Agreement”).

U.S. securities held in an account at the Bank, non-U.S. persons were subject to the proper U.S. withholding tax rates and that U.S. persons were properly paying U.S. tax.

11. The QI Agreement took account of the fact that Bank CIC, like other Swiss Banks, was prohibited by Swiss law from disclosing the identity of an account holder. In general, if an account holder wanted to trade in U.S. securities and avoid mandatory U.S. tax withholding, the QI Agreement required Bank CIC to obtain the consent of the account holder to disclose the client's identity to the IRS. The QI Agreement required Bank CIC to obtain IRS Form W-9 and to undertake IRS Form 1099 reporting for new and existing U.S. clients engaged in U.S. securities transactions.
12. Since the Bank became a Qualified Intermediary in 2001, relationship managers were prohibited from contacting clients via U.S. telephone numbers and from visiting customers in the United States. If U.S. customers wanted to withdraw funds from their account, they typically were required to initiate a wire transfer themselves without prompting from the relationship manager or visit one of the Bank's branches in Switzerland. There are no indications that relationship managers or other Bank employees facilitated the repatriation of undeclared funds into the U.S. (by physically transferring cash, gold, jewelry, or other means designed to avoid detection).

OVERVIEW OF U.S. CROSS BORDER BUSINESS

13. From August 1, 2008 through the date of this Statement of Facts, Bank CIC had 261 U.S. Related Accounts, comprising approximately \$228 million in assets under management. Between August 1, 2008 and December 31, 2013, U.S. Related Accounts comprised approximately 1.76 percent of total assets held at the Bank. In addition, most of these accounts were not profitable for the Bank because of the prohibitions on providing investment advice to clients residing in the United States and U.S. securities blocking that was applied for accounts without the relevant QI documentation.
14. Bank CIC typically attracted account holders through word of mouth and introductions from existing account holders. The Bank did not have a U.S. strategy, U.S.-focused relationship managers, or a U.S. desk. Although the Bank did not target U.S. taxpayer-clients, many of the Bank's front-office personnel (i.e., relationship managers and their supervisors) had some exposure to at least one or more U.S. Related Accounts as part of their general client service functions. Periodically, U.S. clients were accepted as walk-ins or referred to the Bank by other Bank clients.
15. In 2006, the Bank had hired a small team of senior managers and relationship managers departing from Credit Suisse Fides. These former senior managers and relationship managers replaced employees on the prior Bank management team, including the Chief Executive Officer and Head of Private Banking, Zurich.
16. Around the same time in 2006, a number of Credit Suisse Fides's relationship managers left that bank to start their own asset management businesses. Among this latter group of

former Credit Suisse Fides's relationship managers were a small number of individuals who, while at Credit Suisse Fides, advised undeclared U.S. taxpayer-clients and who traveled to the United States on a regular basis to meet with such clients. A former senior manager at Credit Suisse Fides who transferred to Bank CIC supervised at least one of these relationship managers while both were employed at Credit Suisse Fides and accordingly was aware that at least one of these Credit Suisse Fides's relationship managers focused on U.S. taxpayer-clients and was aware of the undeclared nature of that relationship manager's client base.

17. In 2008, two of these former Credit Suisse Fides's relationship managers turned external asset managers approached their former colleagues then employed at the Bank's Zurich branch about depositing funds for approximately 26 U.S. persons. These U.S. persons previously held accounts at UBS.
18. For at least one of these external asset managers, senior Bank management and the relationship managers who would be servicing these accounts for the Bank knew or should have known that the proposed account holder's funds were not declared to the IRS or that the appropriate U.S. income tax on the income earned in connection with such funds was not paid.
19. Following this request, Bank CIC's executive management authorized certain relationship managers, who had previously worked at Credit Suisse Fides, to open the proposed accounts from the external asset managers, provided that the Bank accepted only individual accounts (i.e., it would not accept accounts in the name of trusts or foundations with U.S. beneficial owners), the account values did not exceed \$10 million, and Bank employees did not have any contact with clients face-to-face in the United States or by telephone into the United States. The restriction on contact with clients in the United States was an extension of Bank CIC's previously existing policy. In addition, any new accounts owned by U.S. persons would be treated as "high-risk" accounts subject to heightened due diligence procedures, whose opening had to be approved by a member of the Bank's Management. All of the Bank's other due diligence requirements continued to apply, and the account holder information was documented in compliance with Swiss law. For accounts controlled by external asset managers, the external asset managers handled obtaining the account opening information and the relationship managers did not have contact with the client. This delegation was acceptable under the then-current policy of Bank CIC and in accordance with Swiss law. However, the result of such a procedure was that relationship managers had little to no contact with an external asset manager's clients and accordingly lacked oversight.
20. The Bank opened approximately 26 accounts for such U.S. persons. For these accounts and other accounts managed by external asset managers, the Bank's relationship managers only rarely (if at all) met the account holder. Generally, the relationship managers would interact with only the external asset managers (who typically had offices in Switzerland). The external asset managers would direct all account activity, including making withdrawals and directing investment transactions. As compensation for

managing the accounts, the Bank typically paid the external asset managers approximately one-half of the fees that the Bank earned from such accounts.

21. As a result of the Bank's broad client base and other factors explained previously, the Bank acquired some U.S. taxpayer-clients resident in the United States and elsewhere. On occasion, existing European clients referred U.S. persons to the Bank, and in some cases, the referring client was a U.S. person.
22. In a small number of cases, the Bank failed to identify certain account holders as U.S. persons. These cases typically involved a bank client who provided a foreign passport at the account opening stating that the client was born in the United States, or a non-U.S. person who informally told a relationship manager that he or she moved to the United States. Further, in some instances the Bank allowed U.S. persons to open accounts without providing QI documentation, such as a Form W-9 or a bank secrecy waiver, provided that the U.S. person did not own U.S. securities.
23. The Bank is not aware of any instances where a U.S. person owned U.S. securities and did not provide the required QI documentation.
24. The Bank was or should have been aware that U.S. taxpayer-clients had a legal duty to report to the IRS, and pay taxes on all of their income, including income earned in accounts that the U.S. taxpayer-clients maintained in Switzerland.
25. From at least 2008 throughout the Applicable Period, the Bank was or should have been aware that certain U.S. taxpayer-clients of the Bank did not comply with U.S. tax obligations, including failing to file required tax or information returns, filing false federal tax returns with the Internal Revenue Service, and otherwise hiding from the IRS assets maintained overseas (hereinafter, "undeclared assets"). In particular, certain U.S. taxpayer-clients of the Bank concealed from the IRS their beneficial ownership of undeclared assets maintained at the Bank.
26. Bank CIC also offered a variety of traditional Swiss banking services that it knew or should have known could assist, and did in fact assist, U.S. clients in the concealment of assets and income from the IRS:
 - a. The Bank provided "hold-mail" services and numbered accounts to holders of U.S. Related Accounts, some of which were not compliant with U.S. tax and information reporting requirements. Specifically, 153 U.S. Related Accounts used the Bank's hold-mail service and 98 U.S. Related Accounts used the Bank's numbered account services. Ninety-two of these accounts used both hold-mail and numbered account services. These services allowed U.S. clients to ensure that their names were not visible in bank documents and thus enabled them to conceal the undeclared assets and income held at Bank CIC from United States tax authorities.

- b. For one account, a Bank manager or relationship manager communicated with a U.S. taxpayer-client through methods such as facsimile and calling prepaid mobile phones at the U.S. taxpayer-client's request, which facilitated the concealment of communications from the IRS or other U.S. authorities.
- c. During the Applicable Period, the Bank opened and maintained 36 accounts for U.S. beneficial owners in the name of non-U.S. entities, which aided and assisted U.S. beneficial owner in concealing assets and income from the IRS. Approximately 11 of these accounts appear to have been undeclared or otherwise did not have an apparent business purpose. The Bank did not advise U.S. clients to open offshore entities and did not assist U.S. clients with creating or establishing such entities.
- d. During the Applicable Period, certain Bank managers and relationship managers knew or should have known that the beneficial owners of certain U.S. Related Accounts brought to the Bank by external asset managers were not in compliance with U.S. tax and information reporting obligations.

VOLUNTARY REMEDIAL MEASURES

- 27. Following the U.S. government's 2008 investigation of and 2009 deferred prosecution agreement with UBS, Bank CIC modified its practices and procedures for U.S. taxpayer-clients. First, in April 2009, the Bank's Board of Directors approved the more restrictive policy for all U.S. persons (U.S. residents and non-resident U.S. persons) described above.
- 28. In June 2009, the Bank's Board of Directors further updated the policy for U.S. persons. Specifically, this new policy required that all U.S. person-clients must provide a signed Form W-9 and waiver of bank secrecy. For new clients, the policy required that these documents be provided as part of the account opening documentation. Existing clients were asked to provide the same documents and told that their accounts would be closed if such documents were not provided.
- 29. In June 2010, the Bank's Board of Directors approved a new cross-border policy that was intended to follow FINMA's pending directive on cross-border activities of Swiss banks (anticipated in October 2010). In December 2010, the Bank's Board of Directors determined that any account owned by a U.S. person without the required QI documentation, such as Form W-9 and bank secrecy waiver, would be closed.
- 30. In March 2012, the Bank's Board of Directors and Management Committee codified prior Board of Directors directives in a new cross-border policy, which provided a more rigid framework for accounts owned by U.S. persons. The March 2012 cross-border policy contained an exception for new relationships with operating companies registered in the United States or with a U.S. company as a beneficial owner, provided that the appropriate QI documentation was obtained.

31. On September 1, 2012, the Board of Directors amended its internal policy for external asset managers. Specifically, the amended policy added due diligence requirements for engaging a new external asset manager and continuing to work with external asset managers, which provided that Bank employees would be responsible for client due diligence and that it could not be delegated to external asset managers.
32. On December 26, 2013, the Bank voluntarily entered the Swiss Bank Program. Bank CIC has cooperated with the Department of Justice in relation to the Swiss Bank Program, by among other things, providing relevant and requested information and documents to the Department of Justice to the extent permitted by Swiss bank secrecy laws.
33. Bank CIC has taken action to encourage persons to disclose their accounts to the IRS. Bank CIC also has provided certain information that will enable the Government to make requests under the 1996 Convention between the United States of America and the Swiss Confederation for the Avoidance of Double Taxation with respect to Taxes on Income for, among other things, the identities of U.S. account holders.

EXHIBIT B TO NON-PROSECUTION AGREEMENT

CERTIFICATE OF CORPORATE RESOLUTION OF THE BOARD OF ADMINISTRATORS OF BANK CIC (SWITZERLAND) LTD

We, Philippe Vidal, Chairman of the board of administrators of Bank CIC (Switzerland) Ltd. (the Bank), a corporation duly organized and existing under the laws of Switzerland, and Christoph Ruch, acting secretary of the board of administrators of the Bank, do hereby certify that the following is a complete and accurate copy of a resolution considered and adopted by the board of administrators of the Bank:

- That the board of administrators has (i) reviewed the entire Non-Prosecution Agreement attached hereto, including the Statement of Facts attached as Exhibit A to the Non-Prosecution Agreement; (ii) consulted with Swiss and U.S. counsel in connection with this matter; and (iii) unanimously voted to enter into the Non-Prosecution Agreement, including to pay a sum of USD 3,281,000 to the U.S. Department of Justice in connection with the Non-Prosecution Agreement; and
- That Philippe Vidal, the Bank's Chairman of the board, and Thomas Müller, the Bank's CEO, both registered in the Commercial Register of the Canton of Basel as having joint signatory authority, are hereby authorized (i) to jointly sign and execute the Non-Prosecution Agreement on behalf of the Bank substantially in such form as reviewed by the board of administrators with such non-material changes as each of them may approve; and (ii) to take, on behalf of the Bank, all actions as may be necessary or advisable in order to carry out the foregoing; and
- That Joan Meyer, Baker & McKenzie LLP, is hereby authorized to sign the Non-Prosecution Agreement in her capacity as the Bank's U.S. counsel.

We further certify that the above resolution has not been amended or revoked in any respect and remains in full force and effect.

IN WITNESS WHEREOF, we have executed this Certification this 14.11 2015.



Philippe Vidal
Chairman



Christoph Ruch
Secretary