

George Hellerstein

ORIGINAL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA, : INFORMATION

-v.- : 14 Cr. ___ ()

BERNARD KRAMER, : **14 CRIM 549**

Defendant. :
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COUNT ONE
(Conspiracy)

The United States Attorney charges:

The Defendant and Associated Entities

1. At all times relevant to this Information, BERNARD KRAMER, the defendant, was a United States citizen who resided in New Jersey and Florida.

2. From in or about 1987, up to and including in or about 2010, BERNARD KRAMER, the defendant, maintained an undeclared bank account at a Swiss private bank headquartered in Zurich, Switzerland (the "Swiss Bank"). At all times relevant to this Information, the Swiss Bank provided private banking services to and maintained undeclared accounts for U.S. taxpayers.

3. From in or about 2010, up to and including in or about 2012, BERNARD KRAMER, the defendant, maintained an undeclared bank account at an Israeli bank headquartered in

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Ramat Gan, Israel (the "Israeli Bank"). At all times relevant to this Information, the Israeli Bank provided private banking services to and maintained undeclared accounts for U.S. taxpayers.

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

4. Citizens and residents of the United States who have income in any one calendar year in excess of a threshold amount ("U.S. taxpayers") are obligated to file a U.S. Individual Income Tax Return, Form 1040 ("Form 1040"), for that calendar year with the IRS. At all times relevant to this Information, Form 1040 required U.S. taxpayers to report their income from any source, regardless of whether the source of their income is inside or outside the United States. In addition, on Schedule B of Form 1040, the filer must 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." If the U.S. taxpayer answers that question in the affirmative, then the U.S. taxpayer must indicate the name of the particular country in which the account is located.

5. Separate and apart from the obligation to file Forms 1040 that report all income, U.S. taxpayers who have a

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

6. When a U.S. taxpayer beneficially owns a bank, securities, or other financial account that is maintained outside the United States, but fails to disclose the account or the income generated in the account to the IRS on Schedule B of Form 1040 or on an FBAR, the account is referred to as an "undeclared account."

The Conspiracy

7. From in or about 1987 through in or about 2012, BERNARD KRAMER, the defendant, conspired with others known and unknown, including representatives of the Swiss Bank and the Israeli bank, to ensure that he could hide his offshore bank accounts, and the income generated in those accounts, from the

taxation authority of the United States, the IRS, via false and fraudulent federal income tax returns.

Means and Methods of the Conspiracy

8. Among the means and methods by which BERNARD KRAMER, the defendant, and his co-conspirators would and did carry out the conspiracy were the following:

a. In or about 1987, KRAMER, with the assistance of the Swiss Bank, opened an undeclared bank account on his own behalf at the Swiss Bank.

b. KRAMER and others at the Swiss Bank used the coded phrase "Hot Lips" to refer to KRAMER's undeclared account at the Swiss Bank.

c. KRAMER, with the assistance of the Swiss Bank, repatriated funds to the United States from his undeclared account at the Swiss Bank in a manner designed to ensure that U.S. authorities did not discover the account, including by requesting and receiving checks from the account in amounts just under \$10,000 each.

d. KRAMER periodically met with a representative of the Swiss Bank ("Swiss Bank Representative-1") in the United States, including in New York, New York, to discuss KRAMER's undeclared account at the Swiss Bank and to review statements related to the account.

e. In or about 2008, when it became publicly known that the Swiss bank UBS AG ("UBS") was being investigated by United States law enforcement for helping U.S. taxpayers maintain undeclared accounts, KRAMER determined to keep his undeclared account at the Swiss Bank, after being assured by Swiss Bank Representative-1 that despite the investigation of UBS, KRAMER's undeclared account would remain safe at the Swiss Bank.

f. In or about March of 2010, KRAMER, with the assistance of Swiss Bank Representative-1, and others at the Swiss Bank and the Israeli Bank, transferred the remaining assets in his undeclared account at the Swiss Bank to a new undeclared account at the Israeli Bank.

g. KRAMER filed false and fraudulent Forms 1040, which, among other things, failed to report his interest in his undeclared accounts at the Swiss Bank and the Israeli Bank and the income generated in these undeclared accounts, which had a high value of at least \$1.1 million.

Statutory Allegations

9. From in or about 1987 through in or about 2012, in the Southern District of New York and elsewhere, BERNARD KRAMER, the defendant, together with others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to defraud the United States

of America and an agency thereof, to wit, the IRS, and to commit offenses against the United States, to wit, violations of Title 26, United States Code, Section 7201, and Title 26, United States Code, Section 7206(1).

10. It was a part and an object of the conspiracy that BERNARD KRAMER, the defendant, together with others known and unknown, willfully and knowingly would and did defraud the United States of America and the IRS for the purpose of impeding, impairing, obstructing, and defeating the lawful governmental functions of the IRS in the ascertainment, computation, assessment, and collection of revenue, to wit, federal income taxes.

11. It was further a part and an object of the conspiracy that BERNARD KRAMER, the defendant, together with others known and unknown, willfully and knowingly would and did attempt to evade and defeat a substantial part of the income tax due and owing by KRAMER to the United States of America, in violation of Title 26, United States Code, Section 7201.

12. It was further a part and an object of the conspiracy that BERNARD KRAMER, the defendant, together with others known and unknown, willfully and knowingly would and did make and subscribe returns, statements, and other documents, which contained and were verified by written declarations that they were made under the penalties of perjury, and which KRAMER,

together with others known and unknown, did not believe to be true and correct as to every material matter, in violation of Title 26, United States Code, Section 7206(1).

Overt Acts

13. In furtherance of the conspiracy and to effect the illegal objects thereof, BERNARD KRAMER, the defendant, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. In or about 1987, KRAMER, with the assistance of the Swiss Bank, opened an undeclared account at the Swiss Bank in Switzerland.

b. Between in or about 1987 and in or about 2007, KRAMER met with Swiss Bank Representative-1 in Del Ray Beach, Florida and New York, New York to discuss KRAMER's undeclared account at the Swiss Bank.

c. On or about July 27, 2009, KRAMER received approximately twelve separate checks from his undeclared account at the Swiss Bank, which were valued at approximately \$9,687 each.

d. In or about March 2010, KRAMER transferred the remaining assets in his undeclared account at the Swiss Bank to a new undeclared account at the Israeli Bank.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Subscribing to False Individual Tax Returns)

The United States Attorney further charges:

14. From in or about 1987, up to and including in or about 2012, in the Southern District of New York and elsewhere, BERNARD KRAMER, the defendant, willfully and knowingly did make and subscribe U.S. Individual Income Tax Returns, Forms 1040, which returns contained and were verified by the written declaration of KRAMER that they were made under penalties of perjury, and which returns KRAMER did not believe to be true and correct as to every material matter, in that KRAMER failed, on Schedule B, Part II, line 7a, to report that he had an interest in, or a signature or other authority over, bank, securities, and other financial accounts in Switzerland and Israel, whereas KRAMER then and there well knew and believed that he had an interest in, or a signature or other authority over, bank, securities, and other financial accounts in Switzerland and Israel.

(Title 26, United States Code, Section 7206(1);
Title 18, United States Code, Section 2.)



PREET BHARARA
United States Attorney

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UNITED STATES OF AMERICA

-v.-

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14 Cr.

(18 U.S.C. § 371;
26 U.S.C. § 7206(1))

PREET BHARARA
United States Attorney.

8/19/14 - Filed Information
cc - Filed Waiver of Indictment
Judy (President
JSM)