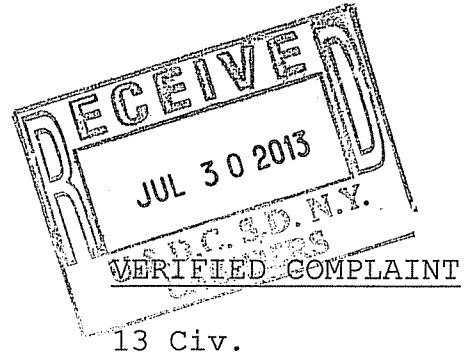


JUDGE FAILLA

13 CV 5296

PREET BHARARA  
United States Attorney for the  
Southern District of New York  
By: DAVID B. MASSEY  
DANIEL W. LEVY  
JASON H. COWLEY  
Assistant United States Attorneys  
One St. Andrew's Plaza  
New York, New York 10007

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



----- -x  
UNITED STATES OF AMERICA, :  
 :  
Plaintiff, :  
 :  
-v.- :  
 :  
\$15,899,000 in United States :  
Currency, :  
 :  
Defendants in rem. :  
----- -x

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

**I. NATURE OF THE ACTION**

1. This an action by the United States of America seeking forfeiture of \$15,899,000 in United States Currency (the "Defendant Funds"), representing the approximate gross proceeds earned by Liechtensteinische Landesbank AG, a bank that is majority-owned by the Principality of Liechtenstein ("Liechtenstein") and based in Vaduz, Liechtenstein ("LLB-

Vaduz"), from U.S. taxpayers who owned accounts at LLB-Vaduz but did not disclose the existence of the accounts, or the income earned in the accounts (hereinafter, "undeclared accounts"), to the Internal Revenue Service ("IRS") from in or about 2001 up through and including in or about 2011. The Defendant Funds are subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C), as described in further detail below.

2. The Internal Revenue Service, Criminal Investigation ("IRS-CI") has conducted an investigation that has established the existence of a conspiracy, from in or about 2001 up through and including in or about 2011, among LLB-Vaduz, certain U.S. taxpayer-clients of LLB-Vaduz, including one or more who lived in the Southern District of New York, and others known and unknown, to defraud the United States of certain taxes due and owing by concealing from the IRS undeclared accounts owned by U.S. taxpayers at LLB-Vaduz, and the income earned in such accounts; and to commit mail and wire fraud through the filing of false individual federal tax returns that failed to disclose the existence of such undeclared accounts at LLB and the income earned in such accounts. As set forth in the letter agreement between the United States and LLB-Vaduz dated July 24, 2013 (the "Letter Agreement"), attached hereto as Exhibit 1, and the accompanying Statement of Facts, LLB-Vaduz admits that it

engaged in this conduct and agrees to not to contest the forfeiture of the Defendant Funds.

## **II. JURISDICTION AND VENUE**

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

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

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

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

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

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

### **III. PROBABLE CAUSE FOR FORFEITURE**

7. At all times relevant to this Complaint, LLB-Vaduz provided private banking and asset management services to individuals and entities outside Liechtenstein, including citizens and residents of the United States ("U.S. taxpayers"). LLB-Vaduz provided these services principally through private bankers based in Vaduz. LLB-Vaduz also acted as a custodian of assets that were managed by third-party investment advisers

based in Europe, including assets beneficially owned and controlled by U.S. taxpayers.

8. From at least 2001 through 2011, LLB-Vaduz assisted certain U.S. taxpayers, including one or more taxpayers who lived in the Southern District of New York, in evading their U.S. tax obligations, file false federal tax returns with the IRS, and otherwise hiding undeclared accounts held at LLB-Vaduz from the IRS. LLB-Vaduz did so by opening and maintaining undeclared accounts for U.S. taxpayers and by allowing third-party independent investment advisers to open undeclared accounts for U.S. taxpayers at LLB-Vaduz.

9. Among the means and methods by which LLB-Vaduz and its co-conspirators carried out the scheme to help U.S. taxpayers hide assets from the IRS and evade taxes were the following:

- LLB-Vaduz entered into "code word agreements" with U.S. taxpayers under which the bank agreed not to identify the U.S. taxpayers by name within the bank or on bank documents, but rather to identify the U.S. taxpayers by code name or number, thus reducing the risk that U.S. tax authorities would learn the identities of the U.S. taxpayers.
- LLB-Vaduz permitted many U.S. taxpayers to open accounts held in the name of non-U.S. corporations, foundations, trusts, or other legal entities (collectively, "structures"), thereby helping such U.S. taxpayers conceal their beneficial ownership of the accounts.
- LLB-Vaduz agreed to hold bank statements and other mail relating to the accounts at LLB-Vaduz's offices in Liechtenstein, rather than send them to the U.S.

taxpayers in the United States, to ensure that documents reflecting the existence of the accounts remained outside the United States and beyond the reach of U.S. tax authorities, given Liechtenstein's bank secrecy laws.

- LLB-Vaduz maintained records in its files in which many U.S. taxpayers expressly instructed LLB-Vaduz not to disclose their names to the IRS.
- One or more U.S. taxpayer-clients of LLB-Vaduz, including one or more individuals who lived in the Southern District of New York, used the U.S. mails, private and commercial interstate carriers, and interstate wire communications to submit tax returns that were materially false and fraudulent in that these returns failed to disclose the existence of such taxpayers' undeclared accounts or the income earned in such accounts.

10. At all relevant times, LLB-Vaduz knew that certain U.S. taxpayers were maintaining undeclared accounts at LLB-Vaduz in order to evade their U.S. tax obligations, in violation of U.S. law. LLB-Vaduz knew that these U.S. taxpayers wanted to conceal the undeclared accounts based on, among other things, correspondence with certain U.S. taxpayer-clients, including requests from U.S. taxpayers instructing LLB-Vaduz not to disclose the identity of the taxpayer to the IRS.

11. At all relevant times, LLB-Vaduz knew that certain U.S. taxpayers were maintaining undeclared accounts at LLB-Vaduz in order to evade their U.S. tax obligations, in violation of U.S. law. LLB-Vaduz knew this from, among other things, its correspondence with certain U.S. taxpayer-clients.

12. In addition, LLB-Vaduz knew of the high probability that other U.S. taxpayers who held undeclared accounts at LLB-Vaduz also did so for the same unlawful purpose. LLB-Vaduz knew this because significant numbers of U.S. taxpayers employed sham structures to hold their accounts, entered into code word agreements and hold mail agreements when they opened their accounts, expressly instructed LLB-Vaduz not to disclose their identity to the IRS, and/or conducted business with respect to their accounts through in-person visits to Liechtenstein, rather than by telephone or otherwise from the United States.

13. LLB-Vaduz was aware that U.S. taxpayers had a legal duty to report to the IRS, and pay taxes on the basis of, all of their income, including income earned in accounts that these U.S. taxpayers maintained at LLB-Vaduz. Despite being aware of this legal duty, LLB-Vaduz intentionally opened and maintained undeclared accounts for these taxpayers with the knowledge that, by doing so, LLB-Vaduz was helping these U.S. taxpayers violate their legal duties. LLB-Vaduz was aware that this conduct violated U.S. law.

#### IV. CLAIM FOR FORFEITURE

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

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

15. Title 18, United States Code, § 981(a)(1)(C) subjects to forfeiture "[a]ny property, real or personal, which constitutes or is derived from proceeds traceable to a violation of . . . any offense constituting "specified unlawful activity" (as defined in section 1956(c)(7) of this title), or a conspiracy to commit such offense."

16. "Specified unlawful activity" is defined in 18 U.S.C. § 1956(c)(7) to include any offense under 18 U.S.C. § 1961(1). Section 1961(1) lists as offenses both mail fraud (18 U.S.C. § 1343) and wire fraud (18 U.S.C. § 1343). In addition, title 18, United States Code, Section 1349 provides:

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

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



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

Dated: New York, New York  
July 30, 2013

PREET BHARARA  
United States Attorney for  
Plaintiff United States of America

By:



David B. Massey  
Daniel W. Levy  
Jason H. Cowley  
Assistant United States Attorneys  
One St. Andrew's Plaza  
New York, New York 10007  
(212) 637-2200

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

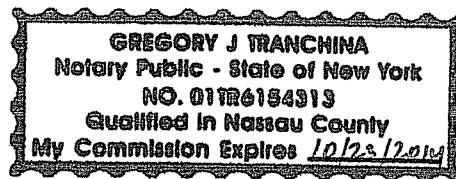
The sources of deponent's information and the grounds of his belief are his personal involvement in the investigation, and conversations with and documents prepared by law enforcement officers and others.

*William D. Clark*

William A. Clark  
Special Agent  
Internal Revenue Service,  
Criminal Investigation

Sworn to before me this  
25th day of July, 2013

Gregory J. Lawrence  
Notary Public



# Exhibit

1



U.S. Department of Justice

United States Attorney  
Southern District of New York

---

*The Silvio J. Mollo Building  
One Saint Andrew's Plaza  
New York, New York 10007*

July 24, 2013

Benjamin Brafman, Esq.  
Marc Agnifilo, Esq.  
Brafman & Associates, P.C.  
767 Third Avenue, 26th Floor  
New York, New York 10017-2023

Re: Liechtensteinische Landesbank AG – Non-Prosecution Agreement

Dear Messrs. Brafman and Agnifilo:

The agreement set forth herein (the "Agreement") has been approved by the Tax Division, Department of Justice (the "Tax Division").

On the understandings specified below, the Office of the United States Attorney for the Southern District of New York ("this Office") and the Tax Division will not criminally prosecute Liechtensteinische Landesbank AG, headquartered in Vaduz, Liechtenstein ("LLB-Vaduz") for its participation in a conspiracy to defraud the Internal Revenue Service ("IRS"), file false federal income tax returns, and evade federal income taxes in connection with accounts held at LLB-Vaduz by U.S. taxpayers from 2001 through 2011. This conduct is described more fully in the Statement of Facts, attached hereto as Exhibit A, which LLB-Vaduz acknowledges and accepts as accurate and which is incorporated by reference herein. This Agreement does not provide any protection against prosecution for any crimes except as set forth above. This Agreement applies only to LLB-Vaduz, and not to any of its subsidiaries, or any individuals. LLB-Vaduz 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).

This Office has entered into this Agreement based on: (i) LLB-Vaduz's voluntary and extraordinary cooperation with this Office and the government of Liechtenstein after becoming aware of this Office's investigation; (ii) LLB-Vaduz's substantial support for Liechtenstein's amendment of its Law on Administrative Assistance in Tax Matters with the United States on March 21, 2012 (hereinafter, "the Law on Administrative Assistance") to permit the production to the Department of Justice of account files relating to certain U.S. taxpayers who held undeclared accounts at LLB-Vaduz, including documents that identify the U.S. taxpayers who beneficially owned the accounts; (iii) the production of more than 200 such account files to this Office in 2012 and 2013; (iv) LLB-Vaduz's voluntary implementation of various remedial measures beginning in or about June 2008, before it was aware of this Office's investigation of

Benjamin Brafman, Esq.  
Marc Agnifilo, Esq.  
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its conduct; (v) LLB-Vaduz's willingness to continue to cooperate with this Office and the IRS to the extent permitted by applicable law; (vi) LLB-Vaduz's representation, based on an investigation by external counsel, the results of which have been shared with the Office, that the misconduct under investigation did not, and does not, extend beyond that described in the Statement of Facts; and (vii) LLB-Vaduz's decision to close its wholly-owned Swiss subsidiary, Liechtensteinische Landesbank (Switzerland) Ltd., which also maintained undeclared accounts for U.S. taxpayers, and to sell its wholly-owned subsidiary, Jura Trust AG, a Liechtenstein firm that provided trust administration and other services to U.S. taxpayers who maintained undeclared accounts in Liechtenstein, Switzerland, and elsewhere.

It is understood that LLB-Vaduz: (a) shall truthfully and completely disclose all information with respect to the activities of LLB-Vaduz, its officers and employees, and others concerning all such matters about which this Office inquires related to this Office's investigation, which information can be used for any purpose, except as limited by this Agreement, by applicable law, or by the Government's Request for Assistance in the Investigation of Various U.S. Taxpayers and Others in Connection with Undeclared Accounts at Liechtensteinische Landesbank AG, dated May 11, 2012 (the "Request for Assistance"); (b) shall cooperate fully with this Office, the IRS, and any other law enforcement agency so designated by this Office, except as limited by applicable law and the Request for Assistance; (c) shall consent to the production to the Department of Justice, through the Liechtenstein government, of any document, record, or other tangible evidence, except as limited by applicable law or the Request for Assistance; (d) shall, at the Office's request, use its best efforts to secure the attendance and truthful statements or testimony of any officer, agent, employee, or former officer, agent or employee, at any meeting or interview or before the grand jury or at any trial or other court proceeding, to the extent permitted by applicable law; and (e) shall commit no crimes whatsoever. It is further understood that LLB-Vaduz will bring to this Office's attention all criminal conduct by, and criminal investigations of, LLB-Vaduz or its employees that come to the attention of LLB-Vaduz's senior management, as well as any administrative proceeding, civil action or other proceeding brought by any governmental authority in which LLB-Vaduz is a party, related to the operation or management of LLB-Vaduz's business, and excluding routine proceedings. LLB-Vaduz's obligations under this paragraph shall continue until the later of: (1) a period of three years from the date this Agreement is executed, or (2) the date on which all prosecutions arising out of the conduct described in the opening paragraph of this Agreement are final.

As a result of the conduct described in this Agreement and in the attached Statement of Facts, LLB-Vaduz agrees, pursuant to Title 18, United States Code, Section 981(a)(1)(C) that it will forfeit to the United States \$16,316,000 (the "Forfeiture Amount"), representing the gross fees paid to LLB-Vaduz by U.S. taxpayers with undeclared accounts at LLB-Vaduz from January 1, 2001 through approximately April 2012. Payment of \$15,899,000 of the Forfeiture Amount shall be by wire transfer to a seized asset deposit account maintained by the United States

Benjamin Brafman, Esq.

Marc Agnifilo, Esq.

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Department of the Treasury within three days of the execution of this Agreement. Payment of \$417,000 of the Forfeiture Amount shall be made to the Principality of Liechtenstein Tax Authority to reimburse it for extraordinary costs incurred in connection with requests by the United States for documents pursuant to the Law on Administrative Assistance, as amended on March 21, 2012. The United States contends, and LLB-Vaduz agrees not to contest, that the facts contained in this Agreement, the Civil Forfeiture Complaint to be filed against the Forfeiture Amount, and the Statement of Facts are sufficient to establish that the Forfeiture Amount being paid by LLB-Vaduz to the United States is subject to civil forfeiture to the United States and that this Agreement, and the accompanying Statement of Facts, may be attached to and incorporated into the Civil Forfeiture Complaint. By this Agreement, LLB-Vaduz specifically waives service of said Civil Forfeiture Complaint and agrees to entry of a Final Order of Forfeiture against the Forfeiture Amount. Upon payment of the Forfeiture Amount, LLB-Vaduz shall release any and all claims it may have to such funds and execute such documents as are necessary to accomplish the same, including the release of its claim to said funds in a civil forfeiture proceeding brought against said funds.

LLB-Vaduz further agrees to make a restitution payment to the United States in the amount of \$7,525,542 (the "Tax Loss Amount"). LLB-Vaduz admits that the Tax Loss Amount represents the total approximate unpaid gross pecuniary loss to the United States as a result of the conduct described in the Statement of Facts. The Tax Loss Amount shall not be reduced by payments that have been made or may be made to the United States by U.S. taxpayers through the Offshore Voluntary Disclosure Initiative and similar programs (collectively, "OVDP") before or after the date of this Agreement. LLB-Vaduz agrees to pay the Tax Loss Amount to the United States by wire transfer within three days of the date of the execution of this Agreement. Other than the total sum of \$23,841,542 (the Forfeiture Amount plus the Tax Loss Amount) that LLB-Vaduz is required to pay under this Agreement, this Agreement does not require LLB-Vaduz to pay any other fines or financial penalties.

LLB-Vaduz agrees that it shall not file any petitions for remission, restoration, or any other assertion of ownership or request for return relating to the Forfeiture Amount or the Tax Loss Amount, or any other action or motion seeking to collaterally attack the seizure, restraint, forfeiture, or conveyance of the Forfeiture Amount or the Tax Loss Amount. Nor shall LLB-Vaduz assist any others in filing any such claims, petitions, actions, or motions. LLB-Vaduz further agrees that the Forfeiture Amount and the Tax Loss Amount shall be paid separately to the United States, with no offset between the two amounts.

It is understood that, should it be determined that: (a) LLB-Vaduz committed any crimes during the term of this Agreement; (b) LLB-Vaduz or any of its representatives have given false, incomplete, or misleading testimony or information; (c) the misconduct extended beyond that described in the Statement of Facts; or (d) LLB-Vaduz has otherwise violated any provision of this Agreement, then: (i) LLB-Vaduz shall thereafter be subject to prosecution for any federal

Benjamin Brafman, Esq.

Marc Agnifilo, Esq.

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offense of which this Office has knowledge, including perjury and obstruction of justice; (ii) all statements made by LLB-Vaduz's representatives to this Office or other designated law enforcement agents, including but not limited to the appended Statement of Facts, and any testimony given by LLB-Vaduz's representatives before a grand jury or other tribunal whether prior to or subsequent to the signing of this Agreement, and any leads therefrom, shall be admissible in evidence in any criminal proceeding brought against LLB-Vaduz and relied upon as evidence to support any penalty imposed on LLB-Vaduz; and (iii) LLB-Vaduz 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 any leads therefrom should be suppressed. In addition, any such prosecution that is not time-barred by the applicable statute of limitations on the date of the execution of this Agreement may be commenced against LLB-Vaduz, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecution. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date when this Agreement is signed.

It is further understood that this Agreement does not bind any other federal, state, or local prosecuting authorities other than this Office and the Tax Division. If requested by LLB-Vaduz, this Office will, however, bring the cooperation of LLB-Vaduz to the attention of such other prosecuting offices or regulatory agencies.

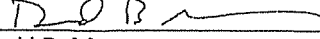
It is understood that this Agreement and the Statement of Facts appended hereto are public documents and may be provided to any person by this Office and LLB-Vaduz.

Benjamin Brafman, Esq.  
Marc Agnifilo, Esq.  
Page 5

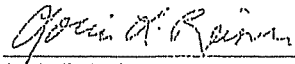
This Agreement supersedes all prior understandings, promises and/or conditions between this Office and the Tax Division, and LLB-Vaduz. No additional promises, agreements, and conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by both parties.

Very truly yours,

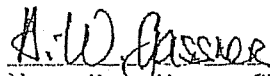
PREET BHARARA  
United States Attorney

By:   
David B. Massey  
Daniel W. Levy  
Jason H. Cowley  
Assistant United States Attorneys  
(212) 637-2200

APPROVED:

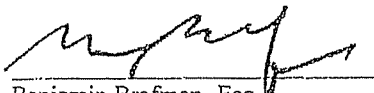
  
Lorin L. Reisner  
Chief, Criminal Division

AGREED AND CONSENTED TO:  
Liechtensteinische Landesbank AG

By:   
Name: Hans-Werner GASSNER  
Title: Chairman of the Board  
of Directors

July 26, 2013  
DATE

APPROVED:

  
Benjamin Brafman, Esq.  
Marc Agnifilo, Esq.  
Brafman & Associates, P.C.  
Attorneys for Liechtensteinische Landesbank AG

7/26/2013  
DATE



**Exhibit A to Letter to Liechtensteinische Landesbank AG dated July 24, 2013**

**Statement of Facts**

**I. Background**

Founded in 1861 and headquartered in Vaduz, Liechtenstein, Liechtensteinische Landesbank AG ("LLB-Vaduz"), is the oldest bank in the Principality of Liechtenstein ("Liechtenstein"). Since 1993, LLB-Vaduz's stock has been listed on the Swiss stock exchange SIX under the symbol "LLB." At all relevant times, LLB-Vaduz was majority-owned by Liechtenstein and had no offices or branches outside Liechtenstein (other than the offices of certain of its subsidiaries). As of December 31, 2012, LLB-Vaduz had approximately \$40 billion in assets under management ("AUM").

In addition to accounts held by citizens and businesses based in Liechtenstein, at all relevant times, LLB-Vaduz provided private banking and asset management services to individuals and entities outside Liechtenstein, including citizens and residents of the United States ("U.S. taxpayers"). LLB-Vaduz provided these services principally through private bankers based in Vaduz. LLB-Vaduz also acted as a custodian of assets that were managed by third-party investment advisers based in Europe, including assets beneficially owned and controlled by U.S. taxpayers.

**II. The Offense Conduct**

From at least 2001 through 2011, LLB-Vaduz assisted certain U.S. taxpayers, including one or more taxpayers living in the Southern District of New York, to evade their U.S. tax obligations, file false federal tax returns with the Internal Revenue Service (the "IRS"), and otherwise hide accounts held at LLB-Vaduz from the IRS (hereinafter, "undeclared accounts"). LLB-Vaduz did so by opening and maintaining undeclared accounts for U.S. taxpayers and by allowing third-party independent investment advisers to open undeclared accounts for U.S. taxpayers at LLB-Vaduz. Specifically, in furtherance of a scheme to help U.S. taxpayers hide assets from the IRS and evade taxes:

- LLB-Vaduz entered into "code word agreements" with U.S. taxpayers under which the bank agreed not to identify the U.S. taxpayers by name within the bank or on bank documents, but rather to identify the U.S. taxpayers by code name or number, thus reducing the risk that U.S. tax authorities would learn the identities of the U.S. taxpayers.
- LLB-Vaduz permitted many U.S. taxpayers to open accounts held in the name of non-U.S. corporations, foundations, trusts, or other legal entities (collectively, "structures"), thereby helping such U.S. taxpayers conceal their beneficial ownership of the accounts;
- LLB-Vaduz agreed to hold bank statements and other mail relating to the accounts at LLB-Vaduz's offices in Liechtenstein, rather than send them to the U.S. taxpayers in the United States, to ensure that documents reflecting the existence of the accounts remained outside the United States and beyond the reach of U.S. tax authorities, given Liechtenstein's bank secrecy laws.

- LLB-Vaduz maintained records in its files in which many U.S. taxpayers expressly instructed LLB-Vaduz not to disclose their names to the IRS.
- One or more U.S. taxpayer-clients of LLB-Vaduz used the U.S. mails, private or commercial interstate carriers, or interstate wire communications to submit individual federal income tax returns to the IRS that were materially false and fraudulent in that these returns failed to disclose the existence of such taxpayers' undeclared accounts or the income earned in such accounts.

At all relevant times, LLB-Vaduz knew that certain U.S. taxpayers were maintaining undeclared accounts at LLB-Vaduz in order to evade their U.S. tax obligations, in violation of U.S. law. LLB-Vaduz knew that these U.S. taxpayers wanted to conceal the undeclared accounts based on, among other things, correspondence with certain U.S. taxpayer-clients, including requests from U.S. taxpayers instructing LLB-Vaduz not to disclose the identity of the taxpayer to the IRS.

In addition, LLB-Vaduz knew of the high probability that other U.S. taxpayers who held undeclared accounts at LLB-Vaduz also did so for the same unlawful purpose. LLB-Vaduz knew this because significant numbers of U.S. taxpayers employed sham corporations, foundations, or trusts ("structures") to hold their accounts, entered into code word agreements and hold mail agreements when they opened their accounts, expressly instructed LLB-Vaduz not to disclose their identity to the IRS, and/or conducted business with respect to their accounts through in-person visits to Liechtenstein, rather than by telephone or otherwise from the United States.

LLB-Vaduz was aware that U.S. taxpayers had a legal duty to report to the IRS, and pay taxes on the basis of, all of their income, including income earned in accounts that these U.S. taxpayers maintained at LLB-Vaduz. Despite being aware of this legal duty, LLB-Vaduz intentionally opened and maintained undeclared accounts for these taxpayers with the knowledge that, by doing so, LLB-Vaduz was helping these U.S. taxpayers violate their legal duties. LLB-Vaduz was aware that this conduct violated U.S. law.

LLB-Vaduz's conduct allowed it to increase the undeclared U.S. taxpayer assets that it held, thereby increasing its fees and profits. As shown in the table below, LLB-Vaduz increased the AUM that it held for undeclared U.S. taxpayers from approximately \$152.1 million in 2001 to approximately \$341.3 million in 2006, its peak year of undeclared AUM. That year, LLB-Vaduz had approximately 904 undeclared U.S. taxpayer clients, including those who held accounts through structures. From 2001 through 2011, LLB-Vaduz earned approximately \$7,700,000 million in profit on approximately \$16,316,000 in gross revenues from its undeclared U.S. taxpayer accounts, including accounts held through structures.

The following table shows the approximate number of U.S. taxpayers who held undeclared accounts at LLB-Vaduz from 2001 through 2011, including accounts held through structures; the approximate total AUM for such undeclared accounts; and total gross fees earned by LLB-Vaduz from undeclared accounts held by U.S. persons.

Date	Total Undeclared Accounts Held by LLB-Vaduz for U.S. Persons	Total Undeclared AUM Held for U.S. persons (in millions of U.S. dollars)	Total Fees from Undeclared Accounts Held by LLB-Vaduz for U.S. Persons (in millions of U.S. dollars)
12/31/2001	1130	\$152.1	\$1.2
12/31/2002	1203	\$211.6	\$1.6
12/31/2003	1131	\$256.7	\$1.6
12/31/2004	1048	\$331.1	\$2.1
12/31/2005	961	\$334.1	\$2.0
12/31/2006	904	\$341.3	\$2.4
12/31/2007	856	\$300.5	\$2.2
12/31/2008	778	\$258.6	\$2.3
12/31/2009	292	\$94.8	\$0.58
12/31/2010	191	\$67.0	\$0.37
12/31/2011	97	\$10.1	\$0.06
4/15/2012	60	\$9.9	\$0.02
<b>Total</b>			<b>\$16.3</b>

For each of these years, a significant majority of U.S. taxpayers with undeclared accounts at LLB-Vaduz held less than \$500,000 in their accounts.

LLB-Vaduz admits that the U.S. taxpayers it assisted in this manner evaded approximately \$7,525,542 in U.S. taxes that remain unpaid as of the date of this Statement of Facts.

### III. Voluntary Remedial Measures

In 2008, before the Government began investigating LLB-Vaduz, LLB-Vaduz voluntarily implemented a series of remedial measures to stop helping undeclared U.S. taxpayers evade U.S. income tax. Specifically, in April 2008, LLB-Vaduz learned from news reports that the IRS was investigating UBS AG ("UBS") for tax fraud in connection with undeclared U.S. taxpayer accounts held at UBS in Switzerland. In light of these reports, in May 2008, LLB-Vaduz's Board of Management began a comprehensive review of LLB-Vaduz's business relationships with U.S. persons.

In June 2008, the Board of Management decided that LLB-Vaduz would no longer open new accounts held in the name of structures for U.S. beneficial owners. Although the Board of Management of LLB-Vaduz intended for this policy to apply to its wholly-owned subsidiary, Liechtensteinische Landesbank (Switzerland) Ltd. ("LLB-Switzerland"), LLB-Switzerland did not follow the policy.

In August 2008, the Board of Management decided that LLB-Vaduz would no longer accept new funds from existing U.S. taxpayer-clients unless the clients filed a Form W-9 with LLB-Vaduz or otherwise proved their intention to disclose their accounts to the IRS. IRS Form W-9 is a form through which U.S. taxpayers identify themselves as such to a bank, thereby causing the bank to report the income earned by the U.S. taxpayer in a given account to the IRS on Form 1099 at the end of each year.

Also in August 2008, LLB-Vaduz decided that it would open no new business relationships with U.S. persons. LLB-Switzerland was not required to follow this new policy at that time, and LLB-Switzerland did not follow it at that time.

In December 2008, the Board of Management decided to require all U.S. taxpayers holding accounts at LLB-Vaduz, including accounts held through structures, to provide IRS Forms W-9 to LLB-Vaduz and thereby permit LLB-Vaduz to report their accounts, and the income earned in the accounts, to the IRS.

In May 2009, LLB-Vaduz learned that the number of accounts held by U.S. persons at LLB-Switzerland increased sharply over 2008-2009.

In August 2009, the Board of Management adopted further policies to end its business relationships with U.S. persons and instructed LLB-Switzerland to implement them as well.

By April 30, 2012, LLB-Vaduz had closed all or virtually all undeclared accounts held by U.S. taxpayers, other than 53 dormant accounts and a small number of additional accounts that were in litigation or otherwise required to be maintained by Liechtenstein law.

#### **IV. Cooperation**

The cooperation of LLB-Vaduz, which began in April 2011, was extraordinary. On March 21, 2012, the Parliament of Liechtenstein amended Liechtenstein's national Law on Administrative Assistance in Tax Matters with the United States of America ("the Law on Administrative Assistance") to permit the Department of Justice to request information concerning undeclared accounts held by U.S. taxpayers at LLB-Vaduz. LLB-Vaduz, through contact with the Liechtenstein government, advocated in favor of this change in law, and the change in law occurred, in part, as a result of LLB-Vaduz's efforts.

Pursuant to the new law, the U.S. Department of Justice, for the first time, was able to request and obtain the bank files of non-compliant U.S. taxpayers from Liechtenstein without having to identify the taxpayers by name. The Department of Justice made such a request on May 11, 2012. Pursuant to this request, from July 2012 to January 2013, Liechtenstein transferred to the Department of Justice over 200 files identifying U.S. taxpayer-clients who held undeclared accounts at LLB-Vaduz, directly or through structures. In addition, LLB-Vaduz has produced to the Department of Justice internal business records relating to its U.S. business.

In addition, on March 22, 2013, LLB-Vaduz announced that it would close its wholly-owned Swiss subsidiary, LLB-Switzerland. At the same time, LLB-Vaduz announced that it would sell its wholly-owned subsidiary, Jura Trust AG, a Liechtenstein firm that provided services to maintain structures through which certain U.S. taxpayers held undeclared accounts at banks in Liechtenstein, Switzerland, and elsewhere. In March and April 2013, Liechtenstein provided assistance to the Department of Justice to permit the production of records relating to various Liechtenstein firms that have provided such services to U.S. taxpayers.

Exhibit B to the Letter dated July 24, 2013

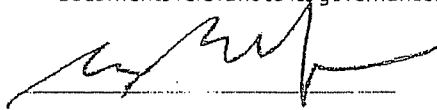
Unanimous Resolution of the Board of Directors of Liechtensteinische Landesbank AG

The Board of Directors (the "Board") of Liechtensteinische Landesbank AG, headquartered in Vaduz, Liechtenstein ("LLB-Vaduz") have agreed by unanimous consent as follows:

1. Benjamin Brafman, Esq. and Marc Agnifilo, Esq., are counsel for LLB-Vaduz in connection with the investigation of LLB-Vaduz conducted by the U.S. Attorney's Office for the Southern District of New York ("this Office") and the Internal Revenue Service ("IRS").
2. Each member of the Board has read the entire Agreement dated July 24, 2013 between LLB-Vaduz and the United States, including the Statement of Facts attached thereto as Exhibit A; understands and agrees to the terms of the Agreement; and acknowledges the accuracy of the Statement of Facts;
3. Board Member Hans-Werner Gassner is individually authorized to sign the Agreement on behalf of LLB-Vaduz and Board Members Hans-Werner Gassner, Markus Foser, Ingrid Hassler-Gerner and Roland Oehri are individually authorized to sign this Board Resolution on behalf of LLB-Vaduz;
4. LLB-Vaduz is fully satisfied with its attorneys' representation during all phases of the investigation and resolution of this matter;
5. LLB-Vaduz's entry into the Agreement is voluntary and did not result from force, threats, or promises (other than promises in the Agreement);

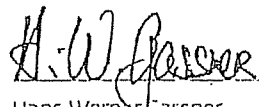
Exhibit B to the Letter dated July 24, 2013  
Unanimous Resolution of the Board of Directors of LLB-Vaduz

6. The Board members signing below acknowledge the Board's unanimous approval of the Agreement and collectively have authority to bind LLB-Vaduz under Liechtenstein law and pursuant to LLB-Vaduz's charter, by-laws, and any other documents relevant to its governance.



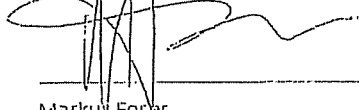
Benjamin Brafman, Esq.  
Marc Agnifilo, Esq.  
Counsel to LLB-Vaduz

7/26/13  
Date



Hans-Werner Gassner  
Chairman of the Board of Directors

July 26, 2013  
Date



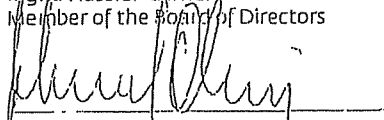
Markus Foser  
Vice Chairman of the Board of Directors  
Board of Directors

July 26, 2013  
Date



Ingrid Hassler-Gerner  
Member of the Board of Directors

July 26, 2013  
Date



Roland Oehri  
Member of the Board of Directors

July, 26, 2013  
Date


## Confirmation

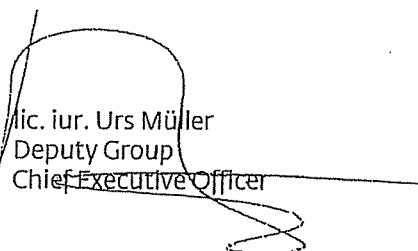
Liechtensteinische Landesbank AG, Vaduz ("LLB-Vaduz") hereby confirms as follows:

1. The Board Resolution of its Board of Directors attached as Exhibit B to Letter, dated July 24, 2013 is legally binding LLB-Vaduz under Liechtenstein law and pursuant to LLB-Vaduz's charter, by-laws and any other documents relevant to its governance.
2. The authenticity of the signatures of the members of the Board of Directors, Hans-Werner Gassner, Markus Foser, Ingrid Hassler-Gerner and Roland Oehri, who signed the Board Resolution, is hereby certified.

Vaduz, July 26<sup>th</sup> 2013

Liechtensteinische Landesbank  
Aktiengesellschaft

  
Sonya Zepe  
Legal Counsel

  
Lic. iur. Urs Müller  
Deputy Group  
Chief Executive Officer

Die Echtheit der Unterschrift  
des/der Frau Sonya Zepe  
geb. am: [REDACTED]  
wird beglaubigt,  
Fürstliches Landgericht, Kanzlei  
Vaduz, am

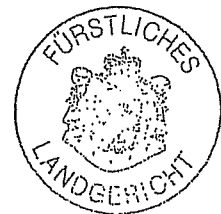
Beatrix Walser  
Urkundsperson

26. Juli 2013

Die Echtheit der Unterschrift  
des/der Herrn Lic. iur. Urs Müller  
geb. am: [REDACTED]  
wird beglaubigt,  
Fürstliches Landgericht, Kanzlei  
Vaduz, am

Beatrix Walser  
Urkundsperson

26. Juli 2013



# APOSTILLE

(Convention de La Haye du 5 octobre 1961)

1. Land: Fürstentum Liechtenstein

Diese öffentliche Urkunde

2. Ist unterschrieben von Frau Beatrix Walser

3. In ihrer Eigenschaft als Beglaubigungsperson

4. sie ist versehen mit dem Siegel/Stempel der  
Fürstl. Liecht. Landgerichtskanzlei

Bestätigt

26. Juli 2013

5. in 9490 Vaduz

6. am

7. durch Regierungskanzlei Vaduz

8. unter Nr. 18.2940

9. Siegel/Stempel

10. Unterschrift

Sybille Ritter  
Verwaltungs-Angestellte