



***United States Attorney
Southern District of New York***

**FOR IMMEDIATE RELEASE
MARCH 11, 2011**

**CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS, CARLY SULLIVAN,
JERIKA RICHARDSON, EDELI RIVERA
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**FORMER UBS CLIENT PLEADS GUILTY IN MANHATTAN FEDERAL
COURT TO HIDING \$7.1 MILLION IN SWISS BANK ACCOUNTS**

Taxpayer Agrees To Pay Over \$3.5 Million Civil Penalty

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that RICHARD WERDIGER, a former client of Swiss bank UBS AG ("UBS"), pled guilty today in Manhattan federal court to conspiring to defraud the Internal Revenue Service (the "IRS") by hiding more than \$7.1 million at UBS. He also pled guilty to five counts of filing false federal income tax returns. In connection with his guilty plea, WERDIGER agreed to pay a civil penalty of over \$3.5 million arising from his failure to comply with Reports of Foreign Bank and Financial Accounts ("FBARs") reporting requirements on his accounts to the IRS. The charges against WERDIGER arose out of the ongoing investigation into U.S. taxpayer clients of UBS and other overseas banks who conspired to hide such accounts from the IRS. He is one of the seven defendants charged in April 2010 in Manhattan Federal Court with similar conduct. He is the fifth to plead guilty. WERDIGER, 63, of Purchase, New York, entered his guilty plea before United States District Judge PAUL G. GARDEPHE.

According to the Indictment filed in Manhattan federal court, statements made in connection with the guilty plea, and other documents filed in Manhattan Federal Court:

Under Federal law, when filing Individual Income Tax Returns, Form 1040, U.S. taxpayers are obligated to report their worldwide income. Additionally, taxpayers who have a financial interest in, or other authority over, a financial account in a foreign country with an aggregate value of more than \$10,000 at any time during a particular year are required to file an FBAR with the IRS.

For many years, UBS provided private banking services

to U.S. taxpayers as part of its "U.S. cross-border banking business," which employed approximately 60 UBS employees in Switzerland. From at least 2000 to 2008, UBS, through these employees, helped U.S. taxpayers conceal their Swiss-based assets, and the income earned on those assets, from the IRS by listing sham offshore companies as the account holders. In truth and in fact, however, the U.S. taxpayers actually owned and controlled the UBS accounts. In February 2009, UBS entered into a deferred prosecution agreement with the United States, pursuant to which UBS admitted to helping U.S. taxpayers hide accounts from the IRS. As part of this agreement, UBS provided the U.S. Government with the identities of, and account information for, certain customers of UBS's U.S. cross-border banking business.

From 1986 to 2000, RICHARD WERDIGER opened multiple separate UBS accounts under the name of sham foundations and corporations formed in Liechtenstein and Panama. To further conceal his ownership of these accounts, WERDIGER instructed UBS to permit him to communicate with the bank using the code name "Trygon," rather than his real name. As of December 31, 2004, the accounts at UBS over which WERDIGER had signature authority collectively contained over \$7.1 million. As part of the conspiracy to which he pled guilty, WERDIGER failed to report the income earned in these accounts on his tax returns and concealed his ownership of the accounts on his federal income tax filings.

* * *

WERDIGER will be sentenced by Judge GARDEPHE on June 14, 2011, at 3:00 pm. He faces a total maximum penalty of 20 years imprisonment on the conspiracy charge and the five counts of subscribing to false federal income tax returns.

As part of this investigation, several other defendants have pleaded guilty in the Southern District of New York, including:

FEDERICO HERNANDEZ was sentenced in September 2010, to twelve months in prison and six months of home confinement for hiding \$8.8 million from the IRS by using sham companies to conceal his ownership of secret Swiss bank accounts held at UBS.

JULES ROBBINS was sentenced in September 2010, to twelve months of probation for filing false tax returns to hide from the IRS a UBS account holding as much as \$42 million.

SYBIL NANCY UPHAM pled guilty in November 2010 to

conspiring to defraud the IRS, by, among other things, smuggling large quantities of cash into the United States from Europe, and to three counts of subscribing to false federal income tax returns.

ERNEST VOGLIANO pled guilty in December 2010 to conspiracy to defraud the IRS and five counts of filing false tax returns in order to hide from the IRS a UBS account holding over \$1.88 million. He is scheduled to be sentenced on March 24, 2011.

Other defendants include:

- KENNETH HELLER, who was charged with opening a UBS account in the name of a sham offshore corporation and depositing \$26.4 million into the account;
- SAMUEL PHINEAS UPHAM, who was charged with aiding and abetting the preparation of false federal income tax returns that failed to disclose the existence of, and the income earned in, a UBS account that held over \$11 million, and conspiring to defraud the IRS by, among other things, smuggling \$450,000 in cash from UBS's offices in Zurich to the United States; and
- SHMUEL STERNFELD, who was charged with opening a UBS account in the name of a sham Hong Kong corporation, and holding \$2.9 million at UBS as of 2005.

Charges against these defendants remain pending and, as to those defendants, the charges contained in the respective charging instruments are merely accusations and they are presumed innocent unless and until proven guilty.

Mr. BHARARA praised the work of the IRS, which conducted the investigation. He also thanked the U.S. Department of Justice's Tax Division for their significant assistance.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorney DANIEL W. LEVY is in charge of the prosecution.

11-075

###