



U.S. Department of Justice

Tax Division

Washington, D.C. 20530

LJW:TJS:BD Bailey
5-16-4643
201420044

December 8, 2015

Philip Urofaky, Esquire
Richard J. Gagnon Jr., Esquire
Shearman & Sterling LLP
801 Pennsylvania Avenue, NW
Washington, D.C. 20004-2634

Re: PBZ Verwaltungs AG
DOJ Swiss Bank Program – Category 2
Non-Prosecution Agreement

Dear Mr. Urofaky:

PBZ Verwaltungs AG ("PBZ") submitted a Letter of Intent on December 20, 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 PBZ in its Letter of Intent and information provided by PBZ 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 PBZ of the Swiss Bank Program will constitute a breach of this Agreement.

On the understandings specified below, the Department of Justice will not prosecute PBZ 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 PBZ during the Applicable Period (the "conduct"). PBZ 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 PBZ and does not apply to any other entities or to any individuals. PBZ expressly understands that the protections provided under this Agreement shall not apply to any acquirer or successor entity unless and until such acquirer or successor formally adopts and executes this Agreement. PBZ enters into

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

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, PBZ agrees to pay the sum of \$5,570,000 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 PBZ. This payment is in lieu of restitution, forfeiture, or criminal fine against PBZ for the conduct described in this Agreement. The Department will take no further action to collect any additional criminal penalty from PBZ with respect to the conduct described in this Agreement, unless the Tax Division determines PBZ has materially violated the terms of this Agreement or the Swiss Bank Program as described on pages 5-6 below. PBZ 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 PBZ has violated any provision of this Agreement. PBZ 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. PBZ agrees that it shall not assist any others in filing any such claims, petitions, actions, or motions. PBZ further agrees that no portion of the penalty that PBZ has agreed to pay to the Department under the terms of this Agreement will serve as a basis for PBZ 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) PBZ'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 PBZ 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) PBZ'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) PBZ'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 PBZ 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) PBZ's retention of a qualified independent examiner who has verified the information PBZ disclosed pursuant to II.D.2 of the Swiss Bank Program.

Under the terms of this Agreement, PBZ 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 PBZ, those of its parent company and its affiliates, and its officers, directors, employees, agents, consultants, and others, which information can be used for any purpose, except as otherwise limited in this Agreement.

Notwithstanding the term of this Agreement, PBZ 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 PBZ 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 PBZ'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 PBZ; 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.

PBZ further agrees to undertake the following:

1. PBZ 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 page 3 of this Agreement, because the Tax Division has agreed to specific dollar threshold limitations for the initial production, PBZ will promptly provide the entirety of the transaction information upon request of the Tax Division.
2. PBZ 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 PBZ.
3. PBZ 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. PBZ 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, PBZ will promptly proceed to follow the procedures described above in paragraph 2.

4. PBZ 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.

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

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

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



CAROLINE D. CIRAOLO
Acting Assistant Attorney General
Tax Division

12/17/2015
DATE



THOMAS J. SAWYER
Senior Counsel for International Tax Matters

17 December 2015
DATE



BRIAN D. BAILEY
Trial Attorney

17 December 2015
DATE

AGREED AND CONSENTED TO:
PBZ Verwaltungs AG

By: 

DR. HEINZ STADLER
Chairman of the Board


15.12.2015
DATE

By: 

PETER D. RÜ EGG
Vice-Chairman of the Board

15.12.2015
DATE

APPROVED:



PHILIP UROFSKY, Esquire
RICHARD J. GAGNON, Esquire
Shearman & Sterling LLP

Dec 15, 2015
DATE

**EXHIBIT A TO PBZ VERWALTUNGS AG
NON-PROSECUTION AGREEMENT**

STATEMENT OF FACTS

Introduction

1. PBZ Verwaltungs AG (PBZ or the "Bank") was a private bank operating in Zurich, Switzerland. From 2001 to November 2013, PBZ Verwaltungs AG operated as AKB Privatbank Zürich AG and was a subsidiary of Aargauische Kantonalbank. Prior to 2001, PBZ operated as BFZ Bankfinanz AG, a bank founded in 1988 and headquartered in Zurich. In November 2013, Aargauische Kantonalbank sold AKB Privatbank to Privatbank IHAG Zürich AG, and since July 2014 it has operated as PBZ Verwaltungs AG. PBZ Verwaltungs AG has ceased its banking activities and had its banking license revoked by August 29, 2014. PBZ and its predecessor entities will be collectively referred to herein as "PBZ".
2. At all times relevant to this matter, PBZ was organized under the laws of Switzerland. Its sole location was Zurich. During the Applicable Period,¹ PBZ had customers who were U.S. taxpayers.

U.S. Income Tax & Reporting Obligations

3. U.S. citizens, resident aliens, and legal permanent residents have an obligation to report all income earned from foreign bank accounts on their tax returns and to pay the taxes due on that income. Since tax year 1976, U.S. citizens, resident aliens, and legal permanent residents have had an obligation to report to the Internal Revenue Service ("IRS") on the Schedule B of a U.S. Individual Income Tax Return, Form 1040, whether they had a financial interest in, or signature authority over, a financial account in a foreign country in a particular year by checking "Yes" or "No" in the appropriate box and identifying the country where the account was maintained.
4. Since 1970, U.S. citizens, resident aliens, and legal permanent residents who have had a financial interest in, or signature authority over, one or more financial accounts in a foreign country with an aggregate value of more than \$10,000 at any time during a particular year were required to file with the Department of the Treasury a Report of Foreign Bank and Financial Accounts, FinCEN Form 114, formerly known as Form TD F 90-22.1 (the "FBAR"). Due on or before June 30 of each succeeding year, the FBAR required the U.S. taxpayer filing the form to identify the financial institution that held the foreign account, the type of account (whether 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.

¹ Capitalized terms not otherwise defined in this Statement of Facts have the meanings set forth in the Program for Non-Prosecution or Non-Target Letters for Swiss Banks, issued on August 29, 2013 (the "Swiss Bank Program").

5. An "undeclared account" was a financial account owned by an individual subject to U.S. tax and maintained in a foreign country that had not been reported by the individual account owner to the U.S. government on an income tax return or an FBAR.
6. "U.S. Related Accounts" means accounts which exceeded \$50,000 in value at any time during the Applicable Period, and as to which indicia exist that a U.S. Person or Entity has or had a financial or beneficial interest in, ownership of, or signature authority (whether direct or indirect) or other authority over the account.
7. Since 1935, Switzerland has maintained 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 enabled U.S. clients to conceal their Swiss bank accounts from U.S. authorities.
8. In or about 2008, Swiss bank UBS AG ("UBS") publicly announced that it was the target of a criminal investigation by the Internal Revenue Service and the United States Department of Justice and that it would be exiting and no longer accepting certain U.S. clients. On February 18, 2009, the Department of Justice and UBS filed a deferred prosecution agreement in the Southern District of Florida in which UBS admitted that its cross-border banking business used Swiss privacy law to aid and assist U.S. clients in opening accounts and maintaining undeclared assets and income from the IRS. After the UBS announcement, several other Swiss banks have publicly announced that they were or are the targets of similar criminal investigations and that they would likewise be exiting and not accepting certain U.S. clients (UBS and the other targeted Swiss banks are collectively referred to as "Category 1 banks"). The Category 1 banks' cases have been closely monitored by banks operating in Switzerland, including PBZ, since at least August of 2008.

PBZ's U.S. Related Accounts

9. From at least 2008 through 2014, PBZ maintained and serviced 171 U.S. Related Accounts having a maximum aggregate value of \$101,693,731. Apart from dealing with regulatory requirements unique to its U.S. client base, the Bank managed these accounts in the same fashion it managed its other accounts.
10. PBZ serviced each of its investment accounts (and cash accounts with high balances) that was not managed by an external asset manager through an assigned client advisor. That advisor assisted the client in opening and maintaining the account, advised on investments and was the primary contact person for the client. Approximately 31 U.S. Related Accounts had a bank client advisor assigned to manage it. The Bank did not maintain a separate U.S. desk or employ relationship managers with a U.S. focus. The Bank did not market its services in the United States, send employees to solicit or serve clients in the United States, or offer special products or services, such as tax advisory or structuring services to U.S. clients.

11. In many instances, an external asset manager was authorized to deal directly with PBZ's client advisor on behalf of the client. The Bank compensated such managers for bringing clients to the Bank through commissions based on the value of assets under management or by discounting fees for Bank services. Approximately 140 of the Bank's U.S. Related Accounts used an external asset manager.
12. As early as 2008, PBZ knew that some U.S. Related Accounts held untaxed funds, which were described within the bank in one instance as "Schwarzgeld" or "black money." PBZ knew that U.S. persons had a duty under U.S. law to report their income to the IRS and to pay taxes on that income, including all income earned in accounts maintained by PBZ in Switzerland. Despite this knowledge, PBZ opened, maintained, and serviced for U.S. persons accounts that it knew or had reason to know were likely not declared to the IRS or the U.S. Department of the Treasury as required by U.S. law.
13. In 2009, however, responding to what it considered "astonishing and alarming" international pressure to lift Switzerland's longstanding client-bank confidentiality for tax-offending foreign clients, the Bank opted to start dealing with "openly declared black money and domiciliary companies." The latter situation, where the domiciliary company was in truth a nominee or sham entity, was one the Bank knew its client advisors either "knew or should expect" to involve tax evasion. As of February 19, 2010, PBZ formally renounced its previous practice of accepting "manifestly untaxed assets from foreign clients."
14. In 2001, PBZ entered into a Qualified Intermediary ("QI") Agreement with the IRS. As a QI, the Bank agreed to supply the IRS with information and to withhold tax in connection with trades in U.S. securities. The agreement's purpose was to ensure that, with respect to U.S. securities held in an account at PBZ, non-U.S. account holders would be subject to the proper U.S. tax rates on withholding, and that U.S. account holders would properly pay U.S. taxes.
15. Upon the opening of a securities account, the Bank required the client to answer questions aimed at determining whether the client was a U.S. person. If the client was determined to be a U.S. person, the client was instructed to provide a W-9, unless the client elected not to hold U.S. securities. As a practical matter, the Bank reported income pursuant to the QI agreement on only one of its U.S. Related Accounts. For each U.S. client who did not provide a W-9, the Bank blocked any trading in U.S. securities, which, in the Bank's view, obviated any payment or reporting obligation under the QI agreement.
16. The Bank also offered a variety of traditional Swiss banking services that it knew could assist, and did assist, U.S. taxpayers in concealing their identity from the IRS by minimizing the paper trail associated with their undeclared assets and income. These and other practices helped U.S. taxpayer-clients who were intent on not declaring their accounts or reporting the income for tax purposes. For example:

- a. The Bank agreed not to send any mail to at least 12 U.S. clients. These "hold-mail" arrangements ensured that documents acknowledging the existence of the accounts remained outside of the United States and beyond the reach of U.S. tax authorities.
- b. Further, PBZ offered to identify accounts only by number. In these instances, in lieu of keeping records in the U.S. client's name, the Bank would use a number. Only a few within the Bank and none outside the Bank could readily associate the number with the client. The client's statements would issue under the number only. This is a common practice in Switzerland usually intended to protect the confidentiality of the account holder within the confines of the Bank. But PBZ offered the service to its U.S. clients knowing that those clients believed the practice would conceal their identities, thereby reducing the likelihood of U.S. tax authorities uncovering their interests in the Bank's accounts. Approximately 11 U.S. clients held numbered accounts with the Bank.
- c. Further, PBZ opened several accounts for foundations and other entities set up in Panama, Liechtenstein, or any of several island countries (British Virgin Islands, St. Kitts and Nevis, Marshall Islands, Turks and Caicos Islands, Bahamas, Cayman Islands) (collectively "structures") that the Bank knew were beneficially owned by U.S. persons. For instance, accounts were opened for three British Virgin Islands corporations that really belonged to a single U.S. person as the beneficial owner. In another instance, a U.S. resident beneficial owner of a Marshall Islands corporation gave instructions on an account nominally held by a domiciliary entity that resulted in the transfer of the account to the beneficial owner's brother who lived abroad.
- d. Further, in 2005, PBZ contracted with one Swiss-based external asset manager ("EAM-1") to bring clients to the Bank from another Swiss bank. He managed the assets of 94 U.S. Related Accounts at PBZ. PBZ opened accounts for EAM-1's customers, and on occasion would delegate its anti-money-laundering and know-your-customer procedures to EAM-1. In some cases, rather than open an account in the name of the customer, EAM-1 opened accounts in the names of structures. These structures served as the nominal account holders of bank accounts opened at PBZ. In some cases, the Bank was aware that the account funds were beneficially owned by a U.S. person. In a few cases, the corporate formalities of such entities were disregarded and beneficial owners of the entities provided instructions to buy and sell assets or withdraw funds. These structures were used by EAM-1 and the U.S. clients to conceal from the U.S. tax authorities the identities of the U.S. clients as the true owners of the account assets and income. EAM-1 left PBZ with his clients in 2009 when the Bank instructed him that he needed to collect U.S. tax compliance documentation from his clients. The account funds were transferred to another Swiss private bank.
- e. In 2008, PBZ accepted the transfer of the account of one client from UBS. In opening the account, PBZ ignored its origin as an indication that the account proceeds may have been a form of untaxed assets.

f. Further, from time to time, PBZ assisted its U.S. clients in sending money to themselves, relatives, business partners, or other businesses in the United States by issuing checks drawn on PBZ's own bank account. Issuing such checks is a service routinely provided by banks to clients (and is similar to cashier's checks in the United States). But under the circumstances present with respect to the U.S. clients, because these checks listed only PBZ as the account holder, they did not reveal that the funds were ultimately paid out of the U.S. clients' Swiss bank account. One such check issued was in the amount of \$301,000. U.S. clients were thus able to utilize this technique to conceal their ownership of a Swiss bank account.

g. Also, PBZ opened accounts for U.S. taxpayers who opted to stay out of the U.S. securities market in order to cut off the Bank's disclosure obligations under its QI agreement with the IRS.

17. As a result of the foregoing, PBZ was aware of the risk that certain U.S. clients might have been maintaining undeclared accounts at PBZ for the purposes of evading their U.S. tax obligations in violation of U.S. law.

18. From at least 2008 through 2013, certain clients of PBZ who had U.S. tax obligations evaded those obligations, filed false federal tax returns with the IRS, and otherwise hid from the IRS their undeclared accounts at PBZ.

19. Aware of a growing risk to the Bank's reputational interests from these circumstances, the Bank, well before the U.S. government's settlement with UBS, voluntarily implemented a series of remedial measures to curb the use of undeclared accounts by U.S. clients to evade U.S. income tax:

a. PBZ evaluated the risks related to the exit of clients from UBS and ultimately took only one ex-UBS client in November 2008. That same month, PBZ decided to only take new U.S. clients that had a direct connection to Switzerland (e.g., a job), generally excluding those clients whose sole purpose was to use the business relationship for hiding untaxed assets.

b. In March 2009, PBZ imposed a moratorium on new client relationships with U.S. persons, subject to a few narrow exceptions. Post-moratorium, PBZ only took new U.S. clients who met the following four requirements: (1) approval by the Executive Board, (2) maintenance of a close connection to the economic area, (3) execution of an IRS Form W-9 and a waiver, and (4) no domiciliary companies.

c. In December 2010, PBZ decided to prohibit new relationships with U.S.-resident clients and to scale back on existing relationships with such persons.

d. In August 2011, the Executive Board issued a cross-border banking directive to provide clearer guidelines for client relationships with foreign clients. The March 2009 moratorium on new client relationships with U.S. persons was confirmed and, the following month, all existing clients were required to submit a Form W-9 and

disclosure authorization based on the new directive. Any clients who failed to do so had their accounts closed.

- c. In February 2012, PBZ decided to close all relationships with clients with residence in the United States, and all domiciliary companies with a U.S. person as the beneficial owner.
 - f. Finally, in October 2013, PBZ placed a prohibition on opening new relationships with U.S. persons.
20. By December 31, 2013, PBZ had closed most of its undeclared accounts belonging to U.S. clients domiciled in the United States. Throughout its participation in the Swiss Bank Program, PBZ has committed to providing full cooperation to the U.S. government and has made timely and comprehensive disclosures regarding its U.S. cross-border business.

Exhibit B to the Non-Prosecution Agreement with PBZ Verwaltungs AG

**Resolution of the Board of Directors of
PBZ Verwaltungs AG**

At a duly convened meeting held on December 15 2015, on which the following members of the Board of Directors were present:

Dr. Heinz Stadler, Chairman, and

Peter D. Rüegg, Vice-Chairman,

the Board of Directors (the «Board») of PBZ Verwaltungs AG (the «Company») takes note of the following :

- In the Joint Statement between the United States Department of Justice („DoJ”) and the Swiss Federal Department of Finance, Swiss Banks have been encouraged by the Swiss Government and the Swiss Financial Market Authority („FINMA”) to participate in the Program for Non-Prosecution Agreements or Non-Target-Letters for Swiss Banks, dated August 29, 2013 (the „US Program”).
- The Board of Directors decided in December 2013 that the Company would participate in the US Program. The Company submitted on December 20, 2013 a Letter of Intent to the DoJ indicating its interest to participate in the US Program in Category 2.
- That the Company has ceased its banking activities and had its banking license revoked by August 29, 2014.

The Board hereby resolves that:

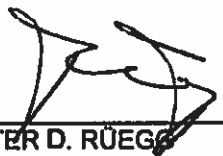
1. The Board has reviewed the entire Non-Prosecution Agreement attached hereto, including the Statement of Facts attached as Exhibit A to the Non-Prosecution Agreement, and voted unanimously to enter into the Non-Prosecution Agreement and to pay a sum of USD 5'570'000 to the DoJ in connection with the Non-Prosecution Agreement.
2. The Non-Prosecution Agreement can be executed on behalf of the Company substantially in such form as reviewed by the Board with such non-material changes as the Board may approve.
3. Philip Urofsky and Richard J. Gagnon Jr., Shearman Sterling LLP, are hereby authorized to sign the Non-Prosecution Agreement in their capacity as the Company's U.S. counsels (the « Additional Signatories »).
4. The Company hereby authorizes, empowers and directs X and Y (« Authorized Signatories ») to take, on behalf of the Company, any and all actions as may be necessary or appropriate, and to approve and execute the forms, terms or provisions of any agreement or other document, as may be necessary or appropriate to carry out and effectuate the purpose and intent of the forgoing resolutions.

5. All of the actions of the Authorized Signatories and the Additional Signatories which have or will be taken in connection with the Non-Prosecution Agreement are hereby ratified, confirmed, approved and adopted as actions on behalf of the Company.

in witness whereof, the Board of Directors of the Company has executed this Resolution



Dr. HEINZ STADLER



PETER D. RUEGG