



U.S. Department of Justice

Tax Division

Washington, D.C. 20530

LJW:TJS:BDBailey
5-16-4747
2014200770

November 6, 2015

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

Re: ZGKB Kantonalbank
DOJ Swiss Bank Program – Category 2
Non-Prosecution Agreement

Dear Mr. Urofsky:

Zuger Kantonalbank (“ZGKB”) 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 ZGKB in its Letter of Intent and information provided by ZGKB 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 ZGKB of the Swiss Bank Program will constitute a breach of this Agreement.

On the understandings specified below, the Department of Justice will not prosecute ZGKB 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 ZGKB during the Applicable Period (the “conduct”). ZGKB 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 ZGKB and does not apply to any other entities or to any individuals. ZGKB 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. ZGKB

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

enters into this Agreement pursuant to the authority granted by its Board of Directors in the form of a Board Resolution (a copy of which is attached hereto as Exhibit B).

In recognition of the conduct described in this Agreement and in accordance with the terms of the Swiss Bank Program, ZGKB agrees to pay the sum of \$3,798,000 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 ZGKB. This payment is in lieu of restitution, forfeiture, or criminal fine against ZGKB for the conduct described in this Agreement. The Department will take no further action to collect any additional criminal penalty from ZGKB with respect to the conduct described in this Agreement, unless the Tax Division determines ZGKB has materially violated the terms of this Agreement or the Swiss Bank Program as described on pages 5-6 below. ZGKB 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 ZGKB has violated any provision of this Agreement. ZGKB 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. ZGKB agrees that it shall not assist any others in filing any such claims, petitions, actions, or motions. ZGKB further agrees that no portion of the penalty that ZGKB has agreed to pay to the Department under the terms of this Agreement will serve as a basis for ZGKB 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) ZGKB'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 ZGKB 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) ZGKB'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) ZGKB'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 ZGKB 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) ZGKB's retention of a qualified independent examiner who has verified the information ZGKB disclosed pursuant to II.D.2 of the Swiss Bank Program.

Under the terms of this Agreement, ZGKB 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 ZGKB, 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, ZGKB 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 ZGKB 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 ZGKB'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 ZGKB; 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.

ZGKB further agrees to undertake the following:

1. ZGKB 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, ZGKB will promptly provide the entirety of the transaction information upon request of the Tax Division.
2. ZGKB 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 ZGKB.
3. ZGKB 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. ZGKB 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, ZGKB will promptly proceed to follow the procedures described above in paragraph 2.

4. ZGKB 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.

ZGKB's obligations under this Agreement shall continue for a period of four (4) years from the date this Agreement is fully executed. ZGKB, 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) ZGKB committed any U.S. federal offenses during the term of this Agreement; (b) ZGKB 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) ZGKB has otherwise materially violated any provision of this Agreement or the terms of the Swiss Bank Program, then (i) ZGKB 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 ZGKB'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 ZGKB'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 ZGKB shall be admissible in evidence in any criminal proceeding brought against ZGKB and relied upon as evidence to support any penalty on ZGKB; and (iii) ZGKB 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 ZGKB has breached this Agreement and whether to pursue prosecution of ZGKB 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, ZGKB, will be imputed to ZGKB for the purpose of determining

whether ZGKB 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 ZGKB has breached this Agreement, the Tax Division agrees to provide ZGKB with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, ZGKB may respond to the Tax Division in writing to explain the nature and circumstances of such breach, as well as the actions that ZGKB has taken to address and remediate the situation, which explanation the Tax Division shall consider in determining whether to pursue prosecution of ZGKB.

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 ZGKB, notwithstanding the expiration of the statute of limitations between such date and the commencement of such prosecution. For any such prosecutions, ZGKB 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 ZGKB's counsel.

It is understood that ZGKB contends that it has jurisdictional arguments and defenses that it could raise to support a claim that it is not subject to prosecution for any criminal offense in the courts of the United States. By entering into this Agreement, ZGKB does not prospectively waive these arguments or defenses and it reserves the right to assert any applicable jurisdictional argument or defense in any future prosecution or civil action by the United States.

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 ZGKB, the Tax Division will, however, bring the cooperation of ZGKB 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 ZGKB consistent with Part V.B of the Swiss Bank Program.


This Agreement supersedes all prior understandings, promises and/or conditions between the Department and ZGKB. 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. CIRAOLLO
Acting Assistant Attorney General
Tax Division



DATE



THOMAS J. SAWYER
Senior Counsel for International Tax Matters


12 November 2015
DATE



BRIAN D. BAILEY
Trial Attorney


12 Nov. 2015
DATE

AGREED AND CONSENTED TO:
Zuger Kantonalbank

By: 

PASCAL NIQUILIE
President of the Executive Board


11.11.2015
DATE

By: 

ADRIAN ANDERMATT
Secretary and General Counsel

11.11.2015
DATE

APPROVED:



PHILIP UROFSKY
RICHARD J. GAGNON JR.
Shearman & Sterling LLP

11 November 2015
DATE

**EXHIBIT A TO ZUGER KANTONALBANK
NON-PROSECUTION AGREEMENT**

STATEMENT OF FACTS

Introduction

1. Zuger Kantonalbank (“ZGKB” or the “Bank”) was founded in 1892 and is headquartered in Zug, Switzerland.
2. Organized under the laws of the canton of Zug, all of its fourteen branches are located within the canton. The canton owns 51% of the bank and guarantees its deposits.
3. With about 400 employees, ZGKB is the leading bank for mortgages and commercial lending in the economic area of Zug.
4. Most of ZGKB’s clients are residents of Switzerland and, in particular, the canton of Zug. Generally, the Bank’s population of U.S. Related Accounts¹ arose from connections the account holders had to the canton. For example, many of its U.S. resident clients are Swiss nationals who either opened their accounts while they were residents of Switzerland or inherited their accounts from relatives. Most of ZGKB’s clients who are U.S. citizens opened accounts at the Bank while living and working in Switzerland.

U.S. Income Tax & Reporting Obligations

5. 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.
6. 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

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”).

Foreign Bank and Financial Accounts, FinCEN Form 114, formerly known as Form TD F 90-22 (the "FBAR").

7. 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.
8. "U.S. Related Accounts" means accounts that 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.
9. Since 1935, Switzerland has maintained a criminal law that ensures the secrecy of client relationships at Swiss banks. While Swiss law permits the exchange of information in response to administrative requests made pursuant to a tax treaty with the United States and certain legal requests in cases of tax fraud, Swiss law otherwise prohibits the disclosure of identifying information without client authorization. Because of the secrecy guarantee that they created, these Swiss criminal provisions have historically enabled U.S. clients to conceal their Swiss bank accounts from U.S. authorities.
10. 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 ZGKB, since at least August of 2008.

ZGKB's U.S. Related Accounts

11. During the Applicable Period, ZGKB maintained and serviced 434 U.S. Related Accounts having a maximum aggregate dollar value of \$220,358,233. This segment of the Bank's business primarily arose from Americans who worked and lived in the Canton of Zug and from local Swiss clients who had moved to the United States. ZGKB maintained and serviced 346 U.S. Related Accounts prior to August 2008, and opened 88 additional accounts during the Applicable Period.
12. 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. ZGKB's

retail unit serviced the majority of the accounts and was responsible for implementing any regulations or policies the Bank imposed on those accounts. External asset managers handled 16 accounts at the Bank. For some investment accounts, external asset managers made decisions for the U.S. clients. During the Applicable Period, ZGKB generally compensated external asset managers through finder's fees or retrocession commissions. In some instances the external asset manager clients simply received discounts on brokerage and custody fees at the time of the transaction.

13. In 2001, ZGKB agreed with the IRS to be a Qualified Intermediary ("QI"). 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 ZGKB, 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.
14. From at least 2001 through 2012, certain clients of ZGKB 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 ZGKB. During this period, ZGKB opened and maintained bank accounts for such clients and, in the process of doing so, ignored red flags of wrongful intent on the part of U.S. clients who sought to open such accounts, and 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. For example:
 - a. ZGKB opened accounts for U.S. taxpayers who, following Bank instructions, sought to limit the risk of disclosing those accounts to United States tax authorities through the Bank's obligations under its QI agreement.
 - b. Thus, certain clients instructed ZGKB not to invest in U.S. securities. This practice ensured that documents acknowledging the existence of the accounts remained outside of the United States and beyond the reach of U.S. tax authorities.
 - c. ZGKB also opened accounts for U.S. taxpayer-clients under terms that assisted its U.S. taxpayer-clients who were intent on not declaring the account or reporting the income for tax purposes. Such conditions included instructions not to send any mail to the U.S. taxpayer-client while he or she was located within the territorial limits of the United States. The bank agreed to such "hold mail" arrangements for 46 U.S. residents (out of 1,315 total clients with such arrangements).
 - d. Further, ZGKB utilized a system whereby accounts were identified only by numbers. Such a practice is common in Switzerland, and is usually intended to protect the confidentiality of the account holder within the confines of the bank itself. ZGKB opened seven accounts for U.S. residents (out of 330 total within

the Bank) that were identified in its internal records solely by number. ZGKB employed this practice despite knowing that U.S. clients believed that this practice would conceal the client's identity, thereby reducing the likelihood that U.S. tax authorities would uncover the identities of the U.S. clients.

- e. Further, upon request of the U.S. client, ZGKB 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 a ZGKB account at a bank in New York. Issuing such checks is a service routinely provided by banks to clients (and was similar to cashier's checks in the United States), but the unique circumstances of U.S. clients made this situation different. For example, in one case, the account holder requested and received checks in excess of \$90,000 on several occasions. In contrast, in another case, the account holder requested and received multiple checks in small amounts, including 12 separate checks in one month (three batches of four) all under \$10,000. Under the circumstances present with respect to the U.S. clients, because these checks listed only ZGKB as the account holder, they did not reveal that the funds were ultimately paid out of the U.S. clients' Swiss bank account. U.S. clients were thus able to utilize this technique to evade U.S. income tax.
 - f. In five cases, ZGKB cashed out the balances of U.S. residents' accounts in substantial amounts. For example, in one instance, at the request of the U.S. client, ZGKB permitted the client to withdraw the entire account balance of approximately \$665,000 in cash.
 - g. The Bank accepted funds from a small number of UBS account holders who had likely been forced to close their UBS accounts because of a U.S. tax-fraud investigation of UBS.
 - h. For several U.S. account holders, ZGKB transferred funds from their accounts in multiple withdrawals (e.g., 12 in one month) of amounts just under \$10,000; in at least one case, the Bank was instructed to do so in order to evade a report to the IRS.
 - i. For four U.S. account holders, the Bank maintained a bank account that the account holders apparently intended to mask from official inquiry despite indicating an intent to declare other bank accounts.
15. As a result of the foregoing, ZGKB was aware that certain U.S. clients were likely maintaining undeclared accounts at ZGKB for the purposes of evading their U.S. tax obligations in violation of U.S. law.
16. Further, ZGKB was aware that U.S. clients 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. clients maintained at ZGKB. Despite being aware of this legal duty, ZGKB opened

and maintained accounts for certain of its U.S. clients while aware of the risk that such clients were not declaring such income or the existence of such accounts.

17. Well before the U.S. government's settlement with UBS, ZGKB voluntarily implemented a series of remedial measures to curb the use of potentially undeclared accounts by U.S. clients to evade U.S. income tax.
 - a. ZGKB elected not to conduct business with U.S. legal entities, offshore companies, or offshore foundations in which U.S. persons were beneficial owners. ZGKB took further steps to cease certain types of business with U.S. clients, while recognizing that its market segment consisting of foreign clients domiciled in or around Zug was profitable and a growth area for the Bank.
 - b. On November 20, 2008, ZGKB decided to not conduct business with U.S. clients unless these persons were willing to disclose their assets deposited with the ZGKB to U.S. tax authorities.
 - c. ZGKB further tightened its practices on March 30, 2009 by prohibiting business relationships with any structures (i.e., trusts) or companies in exotic locations (e.g., the Cayman Islands).
 - d. Further, on June 15, 2009, ZGKB adopted a policy of no longer opening business relationships with U.S. persons unless the account holder was a U.S. person domiciled in the economic area of Zug, was an individual and not a nominee, provided documentation showing that the account was declared in the U.S., and at least one member of the Executive Board approved the new relationship.
 - e. Later in 2009, ZGKB also started to require U.S. clients who did not hold U.S. securities in their accounts to provide W-9 forms and other documentation to curb the violations of U.S. tax laws.

EXHIBIT B TO NON-PROSECUTION AGREEMENT

**CERTIFICATE OF CORPORATE RESOLUTION OF THE BOARD OF DIRECTORS
OF ZUGER KANTONALBANK**

I, Adrian Andermatt, acting corporate secretary of Zuger Kantonalbank (the Bank), a corporation duly organized and existing under the laws of the Canton of Zug, Switzerland, do hereby certify that the following is a complete and accurate copy of a resolution adopted by the board of directors of the Bank at a meeting held on 11 November, 2015, at which a quorum was present and resolved as follows:

- That the board of directors has (i) reviewed the entire Non-Prosecution Agreement attached hereto, including the Statement of Facts attached as Exhibit A to the Non-Prosecution Agreement; (ii) consulted with Swiss and U.S. counsel in connection with this matter; and (iii) unanimously voted to enter into the Non-Prosecution Agreement, including to pay a sum of USD 3,798,000 to the U.S. Department of Justice in connection with the Non-Prosecution Agreement; and
- That Pascal Niquille, CEO, and Adrian Andermatt, General Counsel, both registered in the Commercial Register of the Canton of Zug as having joint signatory authority, are hereby authorized (i) to jointly execute the Non-Prosecution Agreement on behalf of the Bank substantially in such form as reviewed by the Board with such non-material changes as each of them may approve; and (ii) to take, on behalf of the Bank, all actions as may be necessary or advisable in order to carry out the foregoing; and
- That Philip Urofsky, Shearman Sterling LLP, is hereby authorized to sign the Non-Prosecution Agreement in his capacity as the Bank's U.S. counsel.

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

IN WITNESS WHEREOF, I have executed this Certification this 11th day of November 2015.



Adrian Andermatt
Secretary and General Counsel