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U.S. Reports Agreement With UBS in Tax Case

By [LYNNLEY BROWNING](#)

The Swiss banking giant [UBS](#) and the Justice Department reached an accord on Wednesday that would force the bank to disclose the names of certain American clients suspected of tax evasion.

"The parties have initialed agreements," Stuart Gibson, a Justice Department lawyer who is trying the case, said in a conference call on Wednesday with Judge Alan S. Gold of Federal District Court in Miami.

While it is unclear how many names will be released, the agreement could result in scores of wealthy Americans with offshore accounts having their identities revealed to the [Internal Revenue Service](#). Many could face charges of tax evasion as well as big fines and back taxes.

H. David Rosenbloom, a lawyer at Caplin & Drysdale in Washington and a former Treasury official, said Wednesday that he thought UBS would turn over about 5,000 names, probably those with the largest accounts who had been visited in the United States by Swiss-based bankers.

A government official briefed on the matter who declined to be identified said Wednesday that the list would include those with offshore entities set up to disguise their true ownership.

UBS and the Swiss government have been fighting efforts by the Justice Department to force it to disclose the names of 52,000 American clients of UBS suspected of offshore tax evasion. The moves have threatened to erode Swiss financial secrecy laws — the bulwark of the Swiss economy — and have shaken UBS and other private banks around the globe. The dispute also escalated into high-level talks with Swiss and American officials in Washington.

In February, UBS agreed to pay \$780 million to settle charges that it helped wealthy Americans evade taxes on nearly \$20 billion hidden in offshore accounts. One day later, the Justice Department filed a civil suit seeking to force UBS to disclose 52,000 client names. Of the names on the agency's original list, prosecutors are focused on several thousand Americans with offshore accounts containing tens to hundreds of millions of dollars, according to a government official briefed on the matter.

As the settlement talks have played out, a number of wealthy Americans have approached the I.R.S. to disclose their offshore accounts, in exchange for reduced penalties under an I.R.S program that ends Sept 23.

UBS had fiercely resisted disclosure, arguing that doing so would cause it to violate Swiss banking laws. The Swiss government had said it would block UBS from turning over the names if ultimately ordered to do so, while the Justice Department said that it might consider indicting the bank if it ultimately refused to do so upon a judge's order.

The chairman of UBS, Kaspar Villiger, [said in a statement](#) on Wednesday that "the board of directors and the management of UBS are grateful that the two governments reached this agreement to resolve this issue, and we thank the Swiss government and the Swiss delegation that negotiated this settlement for their outstanding efforts."

Still, the settlement may not end UBS's woes. Andrew C. Hall, a lawyer in Miami, said that UBS could now face legal battles in Switzerland if account holders claimed UBS had violated Swiss bank secrecy laws.

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