

## Worldwide Tax Daily Quotes Scott Michel: Swiss Bank Ends Operations, Citing U.S.-Swiss Tax Dispute

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*Worldwide Tax Daily*

*Worldwide Tax Daily* spoke with Scott D. Michel regarding the decision of Swiss bank Bank Frey & Co. AG to cease business operations, as a result of Switzerland's tax dispute with the U.S. The bank was the subject of an ongoing U.S. Justice Department tax evasion investigation and did not qualify for the DOJ's new compliance program for banks that have committed tax-related offenses. For the complete article, please visit *Worldwide Tax Daily's* website (subscription required).

*Excerpt taken from the article "Swiss Bank Ends Operations, Citing U.S.-Swiss Tax Dispute" by Stephanie Soong Johnston for Worldwide Tax Daily.*

Scott D. Michel of Caplin & Drysdale said that closing the bank before it could be indicted may affect the DOJ's tactics. "Bank Frey, as with Wegelin, has no presence in the United States, and therefore the principal leverage that the DOJ would have against it would arise from a criminal indictment causing reputational and other damage," Michel explained. The DOJ could also seize Bank Frey's U.S. correspondent accounts, as it did in the Wegelin case, he added.

Bank Frey's closure also prevents an indictment or a deferred prosecution agreement from disrupting operations, Michel said. "Note that one factor the DOJ considers in deciding whether to indict a business entity is collateral damage, [such as whether] putting the entity out of business creates disruptions, loss of jobs, etc.," he added. "Ironically, the closure of the bank means that this issue may well disappear from the factors under consideration."

### **Attorneys**

Scott D. Michel

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