

**Senate Finance Committee
Chairman Ron Wyden**

CREDIT SUISSE'S ROLE IN U.S. TAX EVASION SCHEMES

A Democratic Staff Investigation

March 29, 2023



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Executive summary

The Democratic staff of the Senate Finance Committee (“the Committee”) conducted an investigation of Zurich-based financial institution Credit Suisse AG (“Credit Suisse”) over more than two years, examining the bank’s wealth management division and its handling of accounts owned or controlled by United States citizens. The purpose of the investigation was to understand whether the bank violated the terms of its 2014 plea agreement with the Department of Justice (“DOJ”) involving the bank’s participation in a conspiracy to assist thousands of wealthy U.S. taxpayers in hiding offshore accounts from the Internal Revenue Service (“IRS”).

The plea agreement followed extensive Congressional and federal investigations. In the weeks before signing the agreement, Credit Suisse executives testified before Congress that going forward it would be “100 percent compliant” with its obligations under the Foreign Account Tax Compliance Act (“FATCA”) to report information on accounts held at the bank by U.S. persons to U.S. authorities. The Committee sought to understand whether Credit Suisse fulfilled this promise.

The Committee’s investigation identified major violations of Credit Suisse’s plea agreement, including failing to report what may be an ongoing criminal tax conspiracy involving nearly \$100 million in secret offshore accounts belonging to a family of dual U.S.–Latin American citizens (hereinafter “the Family”).¹ The Credit Suisse accounts were closed in 2013, but the funds were transferred to other banks without notifying DOJ, as required by Credit Suisse’s 2014 plea agreement. The Committee also obtained voluminous records detailing the role Credit Suisse employees played in assisting U.S. businessman Dan Horsky in concealing over \$220 million in offshore accounts from the IRS. In both instances, Credit Suisse failed to disclose the accounts to DOJ after entering into its plea agreement, and only did so after whistleblowers notified U.S. authorities of the existence of the accounts.

The Committee’s investigation also uncovered almost two dozen additional large, potentially undeclared accounts held by Credit Suisse belonging to ultra-high net worth U.S. persons. In 2022, Credit Suisse disclosed to the Committee that in connection with its ongoing cooperation with DOJ it had identified 10 additional large client relationships involving U.S. persons, with each client holding accounts in excess of \$20 million. Days prior to the release of this report, Credit Suisse also disclosed that a review in response to the Committee’s investigation identified another 13 large accounts in excess of \$20 million that may be held by U.S. persons. It is deeply concerning that almost nine years after executives testified before Congress that the bank would clean up its act, Credit Suisse is still disclosing hundreds of millions of dollars in secret offshore accounts belonging to wealthy U.S. taxpayers.

Credit Suisse cooperated with the Committee’s investigation. In particular, Credit Suisse installed a new leadership team halfway through the Committee’s investigation. This team responded to the Committee’s inquiries into accounts held by the Family, and engaged in a renewed effort to review accounts with U.S. indicia. New management at Credit Suisse also

¹ For purposes of this report, “dual U.S.–Latin American citizens” is intended to describe individuals who have a dual citizenship between the United States and a country or countries in Latin America.

cooperated with the Committee’s investigation by obtaining authorization from Swiss authorities to share selected relevant information with the Committee.

The Committee’s findings reinforce the need for additional IRS resources to combat tax evasion by ultra-high net worth individuals. The staggering decline in enforcement personnel at the IRS has emboldened millionaire tax cheats to conceal enormous sums of wealth through the use of secret foreign bank accounts. This report underscores that these tax cheats often hide their assets with the willing assistance of bankers at foreign financial institutions.² Funding from the Inflation Reduction Act will play a critical role in enabling the IRS to hire additional staff to investigate offshore schemes used by millionaires and billionaires.

DOJ and IRS have both recently pledged to crack down on foreign bankers, attorneys and finance professionals who facilitate tax evasion. Additionally, DOJ leadership under the Biden administration has stated a clear intent to address corporate crime as a prosecutorial priority, particularly in situations involving repeat offenders who violate deferred or non-prosecution agreements.

The Committee believes that the findings of this report merit immediate, rigorous investigations by DOJ and the IRS into whether Credit Suisse should face additional penalties for violating its plea agreement. The Committee also believes that any entity that acquires Credit Suisse or the Swiss government should assume responsibility for any fines resulting from any potential violations of Credit Suisse’s plea agreement with DOJ.³ DOJ and the IRS should also conduct investigations into other financial institutions implicated in this report for enabling any civil or criminal failure to file a foreign bank account registration (“FBAR”) violations.

Committee findings

- **The Committee found that Credit Suisse violated key terms of its plea agreement with DOJ.** In particular, the Committee believes Credit Suisse violated the “lever list” provisions of its plea agreement when it closed large undeclared accounts belonging to the Family while some members resided in the United States, and transferred nearly \$100 million in funds to other banks in Switzerland and elsewhere without notifying DOJ. By wiring these assets to other banks without notifying DOJ, Credit Suisse enabled what appears to be potentially criminal tax evasion by a client to go undetected for almost a decade.

² More than 80 Swiss banks have entered into agreements with the U.S. Department of Justice to address their role in criminal conspiracies involving assisting thousands of American taxpayers in concealing assets from the IRS and filing false tax returns.

³ Over the last several weeks, it was announced that Swiss bank UBS would acquire Credit Suisse for a purchase price of approximately \$3.2 billion. According to public reports, the Swiss government pledged to cover up to \$9.7 billion in any losses that UBS may incur by taking over Credit Suisse, including potential litigation charges. *Switzerland Grants UBS 9 Billion-Franc Credit Suisse Guarantee*, Bloomberg, March 19, 2023, <https://www.bloomberg.com/news/articles/2023-03-19/switzerland-grants-ubs-9-billion-franc-credit-suisse-guarantee>.

- **The Committee uncovered what may be one of the largest FBAR violations in U.S. history.** The scheme involving nearly \$100 million in undeclared accounts held by the Family may lead to one of the largest FBAR penalties in U.S. history. FBAR penalties for willful violations can be up to \$100,000 or half the value of the undeclared accounts, whichever is greater. The largest FBAR penalties paid to date by individuals are believed to be the \$100-million FBAR penalty paid by Dan Horsky and the \$83-million FBAR penalty paid by private equity executive Robert Smith.
- **Former senior bankers at Credit Suisse were involved in the management of large, undeclared offshore accounts.** The Committee’s investigation revealed that the former Head of Private Banking for Latin America, Alexander Siegenthaler, played a significant role in the management of the Family’s accounts. Siegenthaler was a senior private banking executive at Credit Suisse who supervised several Credit Suisse bankers who faced criminal charges in the United States. Siegenthaler reported directly to the Head of Private Banking for all of the Americas, who in turn reported directly to the Global Head of Private Banking.
- **Credit Suisse employees knowingly and willfully helped Dan Horsky conceal \$220 million from U.S. authorities.** Credit Suisse provided information to the Committee that Horsky carried out his scheme “with the knowledge and participation of multiple Credit Suisse employees.” The Committee obtained records from Credit Suisse showing that bankers long had evidence in their possession that Horsky was a U.S. citizen and resident, and actively worked to help him conceal his beneficial ownership of the accounts. Senior regional executives, including the Market Area Head for Europe, Middle East and Africa (EMEA), were aware of a U.S. nexus yet failed to comply with FATCA and the bank’s obligations under the plea agreement with DOJ.
- **Dual citizenship affords unique opportunities for cross-border tax evasion in situations involving complicit bankers.** A trend in the concealment of offshore bank accounts involves bankers coding accounts for dual U.S. citizens using only the non-U.S. passport and removing all U.S. indicia. For ultra-high net worth individuals with multiple passports and multiple residences, a complicit banker is able to code accounts in a manner that would evade any internal systems designed to catch U.S. indicia. This behavior was observed in Credit Suisse’s handling of large undeclared accounts held by Horsky and the Family.
- **Without whistleblowers, over \$300 million in secret offshore accounts held at Credit Suisse and other financial institutions would likely have remained secret.** Had whistleblowers not come forward, it is possible that hundreds of millions of dollars in offshore accounts at Credit Suisse would remain hidden to this day. In both the Horsky case and the case of the Family, whistleblowers were essential to discovering major offshore tax evasion schemes.

- DOJ must conduct rigorous scrutiny into why Credit Suisse continues to discover large, secret accounts held by U.S. persons.** The Committee is concerned that nine years after signing its plea agreement with DOJ, Credit Suisse is still disclosing information about large, potentially undeclared accounts that may have been held at the bank. Despite internal reviews, a court appointed monitor, several whistleblower disclosures to DOJ, a modernization of systems and significant sums spent on outside attorneys, days prior to the release of this report Credit Suisse identified another 13 accounts potentially held by ultra-high net worth U.S. persons each with assets exceeding \$20 million hidden offshore.⁴ DOJ must correct its lax oversight of Credit Suisse, rigorously scrutinize the bank’s compliance with its 2014 plea agreement, and hold Credit Suisse accountable for any violations of its plea agreement.
- Several additional Swiss banks may be currently holding large secret offshore accounts for U.S. persons.** Credit Suisse indicated to the Committee that from November 2012 to February 2013, the Family transferred tens of millions of dollars out of Credit Suisse to a group of unidentified banks in Switzerland. Credit Suisse declined to identify the Swiss banks that received the funds. However, confidential sources informed the Committee these funds were sent to Union Bancaire Privée, UBP SA (UBP) and PKB Privatbank AG (PKB) in Switzerland. UBP and PKB participated in the DOJ’s Swiss Bank Program, and UBP was required to file an addendum to its original plea deal with DOJ for being a repeat offender and failing to disclose certain offshore accounts held by wealthy Americans. The failure to identify and report any accounts held by the Family may constitute a violation of their non-prosecution agreements with DOJ.⁵ In the case of UBP, this would represent the third violation of its non-prosecution agreement with DOJ.
- Bank Leumi may have violated its own deferred prosecution agreement with DOJ.** Credit Suisse indicated to the Committee that the Family transferred tens of millions of dollars out of Credit Suisse to Bank Leumi in Israel. It is unclear whether Bank Leumi, which also entered into a deferred prosecution agreement with DOJ, ever disclosed the existence of the accounts to DOJ.

Background and Credit Suisse’s 2014 plea agreement with the Department of Justice

On May 19, 2014, Credit Suisse pleaded guilty to conspiracy to aid and assist U.S. taxpayers in filing false income tax returns and other documents with the IRS. As part of the plea agreement with DOJ, Credit Suisse admitted that for decades it “operated an illegal cross-border banking business that knowingly and willfully aided and assisted thousands of U.S. clients in opening and maintaining undeclared accounts and concealing their offshore assets and income

⁴ In a briefing with Committee staff on June 1, 2022, Credit Suisse representatives told the Committee it has paid the monitor’s team and outside counsel approximately \$500 million since it signed its plea agreement with DOJ in 2014.

⁵ *Justice Department Announces Addendum to Swiss Bank Program Category 2 Non-Prosecution Agreement with Union Bancaire Privée, UBP SA*, Department of Justice, Jan. 2, 2020, <https://www.justice.gov/opa/pr/justice-department-announces-addendum-swiss-bank-program-category-2-non-prosecution-agreement-2>; *Three Swiss Banks Reach Resolutions under Justice Department’s Swiss Bank Program*, Department of Justice, Jul. 30, 2015, <https://www.justice.gov/opa/pr/three-swiss-banks-reach-resolutions-under-justice-departments-swiss-bank-program>.

from the IRS.”⁶ According to the statement of facts accompanying the Credit Suisse plea agreement, Credit Suisse’s North America International Desk, internally referred to as SALN, was at the center of the criminal conspiracy to assist U.S. taxpayers in concealing offshore accounts from the IRS.⁷ In addition to the guilty plea by Credit Suisse, DOJ indicted eight Credit Suisse executives involved in the scheme.⁸

Under the plea agreement, Credit Suisse avoided criminal prosecution and paid a heavily discounted fine of \$1.3 billion to DOJ (minus a credit of \$196 million for a payment to the SEC), the lowest end of the guideline fine range for the offenses committed, in exchange for its full cooperation with DOJ and a commitment to “promptly disclose all evidence and information described in Sections II.D.1 and II.D.2 of the *Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks*.”⁹ Credit Suisse’s federal fines ultimately comprised \$1.14 billion to DOJ, \$196 million to the SEC, and restitution of \$666.5 million to the IRS.¹⁰ Under the terms of the plea agreement, Credit Suisse agreed to make a complete disclosure of its cross-border activities, cooperate with DOJ’s requests for account information, and disclose all undeclared accounts that were closed and transferred out of the bank during a specified period of time.

Credit Suisse also agreed to close all accounts of recalcitrant account holders that refuse to comply with U.S. tax laws and implement procedures to prevent Credit Suisse employees from engaging in “acts of [further] concealment in connection with closing any account or transferring any funds.”¹¹ This included full compliance with reporting obligations under FATCA for all current and future U.S. customers.¹²

⁶ *Credit Suisse Pleads Guilty to Conspiracy to Aid and Assist U.S. Taxpayers in Filing False Returns*, U.S. Department of Justice, May 19, 2014; <https://www.justice.gov/opa/pr/credit-suisse-pleads-guilty-conspiracy-aid-and-assist-us-taxpayers-filing-false-returns>.

⁷ *Statement of Facts, United States v. Credit Suisse AG*, No. 1:14cr188 (E.D. Va. May, 19, 2014) (at pg. 3 and 4: “Credit Suisse maintained undeclared accounts for U.S. clients in different units throughout the bank, but primarily serviced them from various desks located in Zurich and Geneva, Switzerland, including a desk at the Zurich airport. Credit Suisse’s Switzerland-based North America International desk, internally referred to as ‘SALN,’ employed about 15-20 Swiss-based RMs focused on U.S. resident clients.”).

⁸ *Id.* (In 2011, federal grand juries returned indictments of the following Credit Suisse employees for conspiring with other Swiss bankers and U.S. taxpayers to defraud the United States: Marco Parenti Adami, Emanuel Agustino, Michele Bergantino, Roger Schaerer, Markus Walder, Susanne D. Rüegg Meier, Andreas Bachmann, and Josef Dörig.).

⁹ *Plea Agreement, United States v. Credit Suisse AG*, No. 1:14cr188 (E.D. Va. May, 19, 2014) (at pg. 3: “Thus, the Guideline Fine Range is \$1,333,000,000 to \$2,666,000,000. See U.S.S.G. §§ 8C2.7(a), (b); 18 U.S.C. §§ 3571 (c) and (d).”) *Program for Non-Prosecution Agreements for Non-Target Letters for Swiss Banks*, Department of Justice, Aug. 29, 2013, <https://www.justice.gov/tax/file/631356/download>.

¹⁰ *Id.* Credit Suisse plea agreement with DOJ at pg. 5.

¹¹ *Plea Agreement, United States v. Credit Suisse AG*, No. 1:14cr188 (E.D. Va. May, 19, 2014) (at pg. 6: “Credit Suisse will close any and all accounts of recalcitrant account holders and...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.”).

¹² *Credit Suisse Pleads Guilty to Conspiracy to Aid and Assist U.S. Taxpayers in Filing False Returns*, U.S. Department of Justice, May 19, 2014; <https://www.justice.gov/opa/pr/credit-suisse-pleads-guilty-conspiracy-aid-and-assist-us-taxpayers-filing-false-returns> (“Credit Suisse has also agreed to implement programs to ensure its compliance with U.S. laws, including its reporting obligations under the Foreign Account Tax Compliance Act and relevant tax treaties, in all its current and future dealings with U.S. customers.”).

The plea agreement is expressly contingent on Credit Suisse’s compliance with all material obligations set forth in the agreement, and specifies that if Credit Suisse fails to “fully perform” its obligations under the agreement, the “agreement not to further prosecute shall be null and void.”¹³ The plea agreement makes clear that if Credit Suisse violates the terms of the agreement, including Credit Suisse’s obligations to close all recalcitrant accounts and to disclose all evidence and information described in Sections II.D.1 and II.D.2 of the Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks, or if Credit Suisse commits, or attempts to commit, any additional federal crimes, the bank could face additional criminal exposure. For example, if Credit Suisse were found to be in violation of their plea agreement and DOJ sought additional prosecution and a penalty at the full guideline fine range, Credit Suisse could face over \$1 billion in additional financial penalties.

Credit Suisse’s pledges in sworn testimony before members of the U.S. Senate in 2014

In addition to its commitments to DOJ, Credit Suisse made several pledges to the United States Congress in response to an investigation into the bank’s facilitation of tax evasion. In sworn testimony before the Permanent Subcommittee on Investigations of the U.S. Senate Committee on Homeland Security and Governmental Affairs (“PSI”) in February 2014, Credit Suisse CEO Brady Dougan testified, “we feel the combination of the steps we have taken, with the waiver, with the full implementation of the projects that we have laid out, with FATCA, will allow us to be 100 percent compliant with those requirements around the U.S. taxpayer.”¹⁴

FATCA requires foreign financial institutions to determine whether accounts they maintain belong to U.S. persons and annually report to the IRS detailed information about accounts held by U.S. persons. At the PSI hearing, then-Credit Suisse General Counsel Romeo Cerutti asserted, “we have put all the FATCA requirements in place, so we are really looking whether someone is a U.S. person from a tax perspective.”¹⁵ Mr. Dougan reiterated, “we will be completely compliant going forward with FATCA.”¹⁶

¹³ *Plea Agreement, United States v. Credit Suisse AG*, No. 1:14cr188 (E.D. Va. May, 19, 2014) (at 9: “The agreement not to further prosecute Credit Suisse AG is expressly contingent on...Credit Suisse AG’s performance of all of its material obligations as set forth in this plea agreement. If Credit Suisse AG’s guilty plea is not accepted by the Court or is withdrawn for any reason, or if Credit Suisse AG should fail to perform a material obligation under this plea agreement, this agreement not to further prosecute shall be null and void.”).

¹⁴ S. Hrg. 113–397, *Offshore Tax Evasion: The Effort to Collect Unpaid Taxes on Billions in Hidden Offshore Accounts*, 26, Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, Feb. 26, 2014.

¹⁵ *Id.*

¹⁶ *Id.*



Pictured above from left to right are former Credit Suisse executives Romeo Cerutti (former General Counsel), Brady Dougan (former CEO), and Robert Shafir (former Co-Head, Swiss Private Banking and Wealth Management) testifying under oath before the Senate Permanent Subcommittee on Investigations regarding Credit Suisse’s role in a criminal offshore tax evasion scheme.

Overview of the Committee’s investigation into whether Credit Suisse violated its 2014 plea agreement with the Department of Justice

On April 27, 2021, the Senate Finance Committee initiated an investigation into whether Credit Suisse violated its plea agreement with DOJ by continuing to assist wealthy U.S. taxpayers in hiding their offshore accounts from the U.S. government.

The Committee’s investigation was prompted by Credit Suisse’s failure to disclose \$220 million in undeclared assets it held in offshore accounts for U.S. businessman Dan Horsky. Shortly after Credit Suisse testified before Congress, and weeks before the bank signed its plea agreement with DOJ in 2014, a whistleblower informed DOJ and the IRS that the bank was hiding large accounts for Horsky and had failed to properly bring the accounts to DOJ’s attention as required by the plea agreement.¹⁷ The whistleblower’s tip resulted in an investigation by DOJ and IRS, and Horsky was ultimately charged and sentenced to 7 months in prison in 2017 and agreed to pay a \$100-million penalty for concealing the accounts at Credit Suisse.¹⁸

The Committee’s investigation focused on Credit Suisse’s failure to identify and report Horsky’s accounts, as required by the bank’s plea agreement with DOJ, as well as the extent to

¹⁷ According to records obtained by the Committee, a whistleblower, through an attorney, first contacted DOJ and the IRS regarding the existence of Horsky’s accounts on April 19, 2014. The whistleblower was interviewed by representatives from DOJ and the IRS Criminal Investigation division on July 9, 2014. According to Credit Suisse, in April 2015 DOJ contacted Credit Suisse regarding the Horsky relationship and requested that Credit Suisse wait before conducting its own internal review. Credit Suisse subsequently cooperated with DOJ’s investigation into the matter. Credit Suisse confirmed to the Committee it had not detected Horsky’s accounts before they were contacted by DOJ, but claimed it “would have identified” the accounts as part of its ongoing reviews.

¹⁸ *Former University Business Professor sentenced to Prison for Hiding over \$220 million in Offshore Banks*, Department of Justice, Feb. 10, 2017; <https://www.justice.gov/usao-edva/pr/former-business-professor-sentenced-prison-hiding-over-220-million-offshore-banks>.

which Credit Suisse employees may have aided Horsky in concealing his accounts from the U.S. government.¹⁹ The Committee sought to determine whether the facts and circumstances surrounding the Horsky matter were indicative of larger problems with Credit Suisse’s compliance with U.S. law and the terms of its 2014 plea agreement.

The Committee also investigated credible claims from confidential informants regarding the existence of other large undeclared accounts that Credit Suisse failed to disclose to DOJ. The informants asserted that in 2013 Credit Suisse closed accounts valued at nearly \$100 million for a family of dual U.S.–Latin American citizens, some of who then resided in the United States, and transferred the assets to other banks in Switzerland and elsewhere. The informant further asserted that after transferring the undisclosed millions out of the bank, Credit Suisse failed to notify DOJ as required by the plea agreement. The confidential informants also asserted that at the time they presented this information to the Committee, as well as DOJ and the IRS, in the fall of 2021, the accounts were still potentially undeclared to U.S. authorities by Credit Suisse, other banks, and the account holders. The Committee’s investigation corroborated these claims.

Finally, the Committee’s investigation sought to understand Credit Suisse’s compliance with its obligations under the plea agreement, the extent to which it may be holding other large undeclared accounts for U.S. clients, and any reforms implemented by the bank to ensure that its employees are not further assisting U.S. clients in concealing offshore assets from the IRS.

Over the course of the investigation, the Committee collected hundreds of pages of documents from Credit Suisse and conducted extensive interviews with attorneys representing Credit Suisse, confidential informants, and several subject matter experts. Additionally, Committee staff reviewed federal court filings and media reports.

Credit Suisse voluntarily cooperated with the Committee’s investigation, particularly following management changes in 2022. Credit Suisse produced documents and responded to the Committee’s questions in a manner compliant with Swiss law. This involved obtaining client consent to provide information or anonymizing information regarding Credit Suisse clients and employees in order to comply with Swiss bank secrecy statutes.²⁰ Swiss law impeded the Committee’s efforts to understand potential misconduct of employees at Credit Suisse, and hindered the Committee’s efforts to trace undisclosed assets transferred out of Credit Suisse to other banks. In some instances, Credit Suisse declined to provide information to the Committee, citing ongoing cooperation with U.S. law enforcement, as well as Swiss laws that limit cooperation with foreign government entities.²¹

¹⁹ *Position of the United States with Respect to Sentencing, United States v. Horsky*, No: 1:16cr224 (E.D. Va. Feb. 10, 2017). (At pg. 7, DOJ detailed how employees of Credit Suisse (identified in the filing as “International Bank”) helped Mr. Horsky go “deep[] into the shadows to conceal his ownership of his foreign financial accounts from U.S. authorities.”)

²⁰ Credit Suisse frequently cited several provisions in the Swiss penal code as reasons to limit the production of certain information to the Committee, including Article 47, which criminalizes even acknowledging the existence of a relationship between a bank and a client; and Article 271, the primary Swiss blocking statute which prohibits cooperation with foreign governments without the consent of Swiss authorities.

²¹ Credit Suisse often cited Article 271 of the Swiss penal code in instances where it declined to provide the Committee specific information on accounts held in Switzerland responsive to the Committee’s requests. Article 271

Credit Suisse bankers were complicit in assisting U.S. businessman Dan Horsky conceal \$220 million in offshore accounts from the IRS

The Committee’s investigation examined the details of Credit Suisse’s failure to disclose \$220 million in undeclared offshore accounts the bank held for U.S. businessman Dan Horsky. In 2015, Horsky signed a plea agreement admitting to defrauding the government and agreeing to cooperate with prosecutors, and in 2017 was sentenced to seven months in prison.²² Horsky also paid a penalty of \$100 million for failing to report his accounts at Credit Suisse to the IRS.²³ The Horsky case remains one of the largest offshore tax evasion schemes in U.S. history.

Of particular interest to the Committee was the revelation that DOJ first learned of Horsky’s accounts not from Credit Suisse, but from information provided by whistleblowers. Despite the bank’s obligations under the 2014 plea agreement and FATCA, Credit Suisse did not initially disclose Horsky’s accounts to DOJ. Instead DOJ first contacted the bank about the accounts in April 2015, a year after whistleblowers notified DOJ of the existence of the accounts.²⁴

Credit Suisse claimed that its post-plea agreement remediation efforts would have eventually identified Horsky’s accounts, and presented evidence that the accounts had been flagged for additional review in late 2014. However, by the time DOJ contacted Credit Suisse in April 2015, Horsky’s account had not been positively identified as undeclared, and documents reviewed by the Committee indicate that earlier efforts to determine if the account complied with U.S. law were insufficient. Evidence produced to the Committee shows that employees of Credit Suisse actively assisted Horsky in executing his scheme, and bankers were well aware of Horsky’s status as a U.S. person and his control of the accounts.²⁵

In a presentation to Committee staff, representatives for the bank admitted that “complicit Israel desk employees helped shield the Horsky accounts from detection” and that these employees “employed several techniques to conceal his U.S. connections.”²⁶ According to the bank, these employees, which included relationship managers, team heads, and a head of the Israel desk, were either terminated, faced “severe discipline” or left the bank voluntarily.²⁷ Despite their role in facilitating a criminal tax conspiracy involving \$220 million in undisclosed

is the primary Swiss blocking statute which prohibits cooperation with foreign governments without the consent of Swiss authorities, including the Swiss Federal Department of Finance.

²² *Former University Business Professor sentenced to Prison for Hiding over \$220 million in Offshore Banks*, Department of Justice, Feb. 10, 2017; <https://www.justice.gov/usao-edva/pr/former-business-professor-sentenced-prison-hiding-over-220-million-offshore-banks>.

²³ *Id.*

²⁴ According to records obtained by the Committee, a whistleblower, through an attorney, first contacted DOJ and the IRS regarding the existence of Horsky’s accounts on April 19, 2014. The whistleblower was interviewed by representatives from DOJ and the IRS Criminal Investigation division on July 9, 2014. According to Credit Suisse, DOJ first contacted Credit Suisse in April 2015 regarding the Horsky relationship and requested that Credit Suisse wait before conducting any further review. Credit Suisse subsequently cooperated with DOJ’s investigation into the matter. Credit Suisse confirmed to the Committee it had not detected Horsky’s accounts before they were contacted by DOJ, but claimed it “would have identified” the accounts as part of its ongoing reviews.

²⁵ Presentation to Committee staff by Credit Suisse outside counsel, November 18, 2021 and January 27, 2022.

²⁶ *Id.*

²⁷ *Id.*

offshore assets, it appears that none of these bankers faced criminal charges in the United States. Citing Swiss secrecy laws, Credit Suisse declined to provide the identity of any current or former Credit Suisse employees who helped Horsky carry out his scheme.

Evidence presented to the Committee indicates that senior bankers in the private banking division were aware as early as 2012 of potential issues related to Horsky's status as a U.S. person and compliance with U.S. tax laws.²⁸ Among the senior Credit Suisse employees involved in decision making related to Horsky's accounts were the Market Area Co-Head for Russia/Central Asia/Greece/Israel/Eastern Europe, the Market Area Head for Northern and Eastern Europe, the Business Area Chief Operating Officer and Business Area Head. The Business Area Head reported directly to Credit Suisse's Global Chief Operating Officer for Private Banking, a position identified by Credit Suisse as a C-Suite level executive.²⁹ The Committee's investigation uncovered no evidence that Credit Suisse "C-Suite" employees were aware of Horsky's accounts; however, Credit Suisse provided the Committee only a limited set of documents.³⁰

Credit Suisse provided the Committee documents related to the bank's handling of the five accounts owned and controlled by Horsky. This limited production did not capture all of the responsive documents requested by the Committee, but these documents made clear that Credit Suisse personnel were clearly aware Horsky was a U.S. person and took steps to alter the accounts in a manner that removed Horsky's connections to the U.S. or concealed his role on the accounts. This was done specifically to allow Horsky to exercise control over the accounts to his personal benefit while avoiding detection by U.S. authorities.

Private banking employees continued to enable Horsky's scheme even after Credit Suisse's 2014 plea agreement. Even though the bank claimed it increased scrutiny on accounts with a U.S. nexus after signing its plea agreement, the conduct of bank employees undermined Credit Suisse's promise of 100-percent compliance that its executives made in sworn testimony before Congress.

Credit Suisse employees, including senior private banking executives, aided and abetted Horsky's criminal scheme

The core of Horsky's scheme began in 2008 when Horsky sought to evade taxes on an \$80-million windfall from the sale of stock in an online auction company. With the willing assistance of Credit Suisse employees, Horsky used family members acting as nominees and shell companies registered in Caribbean tax havens to conceal his ownership and control of

²⁸CSAG-SFC-0001251-EN. (An email on May 15, 2012 from "Senior Management 3" (position of Business Area COO) to "Senior Management 1" (position of Business Area Head), indicated Horsky's accounts were being "examined in connection with US nexus". The email also confirms that Horsky had \$116 million in assets under management at the time.)

²⁹ Organizational chart included in presentation to Committee staff by Credit Suisse outside counsel, November 18, 2021 and January 27, 2022.

³⁰ In materials provided by Credit Suisse to the Committee, included in Appendix C to the Committee's report, Credit Suisse identified as C-Suite executives the COO for Private Banking, CEO of Private Banking, CEO of Credit Suisse, and Board of Directors Chairman.

several offshore accounts at Credit Suisse. Through additional purchases of stock and other investments, Horsky's undeclared fortune held at Credit Suisse grew to more than \$220 million by 2015.³¹

Horsky opened two accounts in his own name and three additional accounts in the name of entities in St. Kitts and Nevis: Horsky Holdings S.A., S.Y. Management Corporation, and A.S. Holdings.³² The two accounts Horsky opened under his own name utilized different passports. The bank opened one account using Horsky's U.S. passport and residence in Rochester, NY (aka "the White Account"), while the second account used Horsky's Israeli passport and residence (aka "the Black Account"), intentionally omitting any indication of Horsky's U.S. citizenship.³³ In 2008, Horsky reported to the IRS only \$7 million of the \$80 million from the gain of this stock sale, and disclosed only the Credit Suisse account opened with his U.S. passport.³⁴ Horsky placed the rest of the gain from the stock sale in the account coded using exclusively his Israeli citizenship and the three shell company accounts that were not registered in his name. Horsky served as the signatory for these entity accounts, which listed family members as the beneficial owners, including an infirm 88-year-old relative incapable of overseeing the accounts.³⁵ Horsky did not disclose these accounts to the IRS and underreported his income by approximately \$73 million that year.³⁶

Horsky exercised complete control over these accounts, and was treated as the account holder by Credit Suisse employees. For example, Horsky sent dozens of instructions to Credit Suisse employees for wire transfers from the accounts to art galleries and auction houses around the world. In December 2009, Horsky instructed Credit Suisse employees to transfer €132,380 to Christie's Paris.³⁷ In April 2011, Credit Suisse employees accepted instructions from Horsky to wire \$27,713.22 to Sotheby's London and to mention to Sotheby's "that it is from Dan

³¹ *Former University Business Professor sentenced to Prison for Hiding over \$220 million in Offshore Banks*, Department of Justice, Feb. 10, 2017; <https://www.justice.gov/usao-edva/pr/former-business-professor-sentenced-prison-hiding-over-220-million-offshore-banks>.

³² Presentation to Committee staff by Credit Suisse outside counsel, November 18, 2021 and January 27, 2022.

³³ *Position of the United States with Respect to Sentencing, United States v. Horsky*, No: 1:16cr224 (E.D. Va. Feb. 10, 2017).

³⁴ *Statement of Facts, United States v. Horsky*, No: 1:16cr224 (E.D. Va. Jun. 29, 2015) (At pg. 3, "In 2008...defendant received approximately \$80 million in net proceeds from the sale of Company A stock, after fees associated with the sale. Defendant disclosed to the IRS and paid income tax on only approximately \$7 million of his gain from the sale.")

³⁵ *Position of the United States with Respect to Sentencing, United States v. Horsky*, No: 1:16cr224 (E.D. Va. Feb. 10, 2017). (At pg. 2, "Horsky controlled the account by making himself the signatory. Person B was an ideal nominee at the time of account opening – Person B was 88 years old, wheel chair-bound and had been ill for several years.")

³⁶ *Statement of Facts, United States v. Horsky*, No: 1:16cr224 (E.D. Va. Jun. 29, 2015). (At pg. 3, "In 2008...defendant received approximately \$80 million in net proceeds from the sale of Company A stock, after fees associated with the sale. Defendant disclosed to the IRS and paid income tax on only approximately \$7 million of his gain from the sale.")

³⁷ CSAG-SFC-0000268.

Horsky.”³⁸ Records show this payment was for the purchase of a 1648 portrait by Rembrandt.³⁹ In February 2010, Horsky instructed Credit Suisse employees to wire €41,550 to Sotheby’s France for the auction purchase of a carved African sculpture.⁴⁰

In addition to taking orders directly from Horsky related to the accounts, documents obtained by the Committee show relationship managers at the bank were aware Horsky was a U.S. person in 2011. In an email titled “potential US related case,” a legal and compliance employee at Credit Suisse wrote to a Credit Suisse relationship manager that Horsky “seems clearly to be a U.S. person.”⁴¹

Beginning in 2012, after DOJ opened a criminal investigation involving Credit Suisse’s facilitation of tax evasion, Horsky worked with Credit Suisse employees to remove his formal control from bank records associated with the undeclared Horsky Holdings, S.Y. Management, and A.S. Holdings entity accounts.⁴² Horsky also closed the remaining account he held in his name that included his U.S. passport. Credit Suisse employees reconfigured Horsky’s accounts so that two of his family members, including his son, became the beneficial owners and power of attorney holders for all of his accounts at Credit Suisse. According to the bank, by September 21, 2012, Horsky was no longer formally identified as a beneficial owner or possessing power of attorney for any Credit Suisse accounts.⁴³

Critically, even after removing his name from bank records related to these accounts, Horsky retained effective control over these accounts, acting through his son, Gil Mor Horsky (“Gil Horsky”). Dan Horsky also transferred signature authority over several of his entity accounts to his son, and provided his son power of attorney over the S.Y. Management

³⁸ CSAG-SFC-0000390.

³⁹ *Old Master, Modern and Contemporary Prints*, Sale Number: L11160, Lot 40, Sotheby’s London, Mar. 30, 2011, <https://www.sothebys.com/en/auctions/ecatalogue/2011/old-master-modern-and-contemporary-prints-111160/lot.40.html>.

⁴⁰ CSAG-SFC-0000296; *Oceanic and African Art*, Sale Number: PF1028, Lot 119, Nov. 2010, <https://www.sothebys.com/en/auctions/ecatalogue/2010/oceanic-and-african-art-pf1028/lot.119.html>.

⁴¹ CSAG-SFC-0001211.

⁴² *Position of the United States with Respect to Sentencing, United States v. Horsky*, No: 1:16cr224 (E.D. Va. Feb. 10, 2017). (At pg. 6, 7, “Starting in 2012, certain Credit Suisse [International Bank] employees initiated efforts to remove Horsky from formal control of the Horsky Holdings and S.Y. Management accounts and to close his Black Account. At that time, Credit Suisse [International Bank] was closing accounts owned or controlled by U.S. persons because the bank was under criminal investigation for aiding and assisting U.S. taxpayers in concealing assets and income from the IRS.”)

⁴³ Presentation to Committee staff by Credit Suisse outside counsel, November 18, 2021 and January 27, 2022.

Corporation account.⁴⁴ According to court records, Gil Horsky provided a copy of his U.K. passport to Credit Suisse employees, which listed his place of birth as “ROCHESTER USA.”⁴⁵

Credit Suisse compliance efforts repeatedly failed to produce an accurate determination of Horsky’s U.S. citizenship and report his account holdings to U.S. officials

In 2011, after DOJ charged four Credit Suisse bankers for aiding and abetting U.S. taxpayers in filing false tax returns, Credit Suisse launched an internal investigation named Project Valentina. The purpose of this investigation was to “examine the private bank’s U.S. cross-border banking business...the conduct of the business’s employees and to determine whether any of the activities violated the bank’s internal policies or regulations governing the business.”⁴⁶

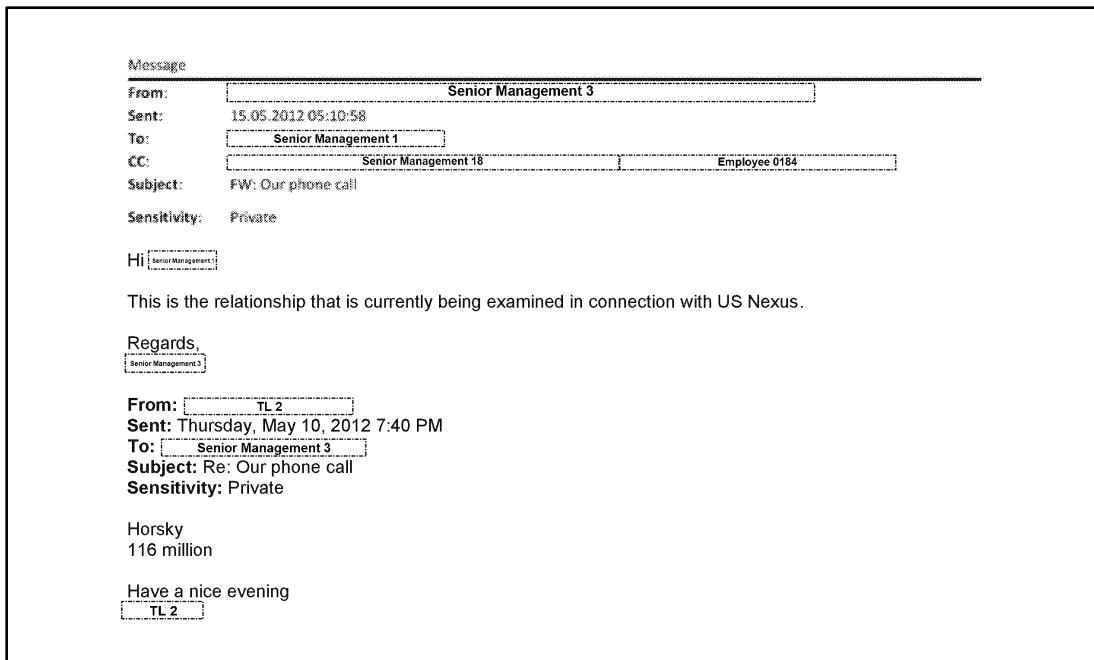
In 2012, while Credit Suisse was carrying out this review, it appears that the senior management in Credit Suisse’s Europe, Middle East and Africa private banking division was aware of a potential U.S. nexus in relation to Horsky’s accounts. In a May 15, 2012 email, a business area Chief Operating Officer emailed the Business Area Head that Horsky’s accounts, at the time worth \$116 million, were being “examined in connection with a U.S. nexus.”⁴⁷ This correspondence is notable because the business area head, identified as “Senior Management 1,” reported directly to the global Chief Operating Officer of private banking at Credit Suisse, according to an organizational chart provided to the Committee. The business area head was five levels above the head of the Swiss-based Israel desk, which largely oversaw the handling of Horsky’s accounts on a day-to-day basis. Also copied on this email was the business area Chief Operating Officer, who oversaw the market area head for Russia/Central Asia/Greece/Israel/Eastern Europe.

⁴⁴ *Position of the United States with Respect to Sentencing, United States v. Horsky*, No: 1:16cr224 (E.D. Va. Feb. 10, 2017). (At pg. 7, “Horsky and Credit Suisse [international bank] employees agreed that the assets would remain at Credit Suisse [International Bank] but that Person A, who was living in Zurich and had his/her own personal accounts with Credit Suisse [International Bank], would serve as the director of each entity and that he/she would be the sole person to exercise signatory over the entity accounts. In August 2012, Person A formally took control of the Horsky Holdings account...Horsky continued to communicate with Credit Suisse [International Bank] employees regarding the account and retained effective control over the Horsky Holdings and S.Y. Management account by acting directly and indirectly through Person A.”)

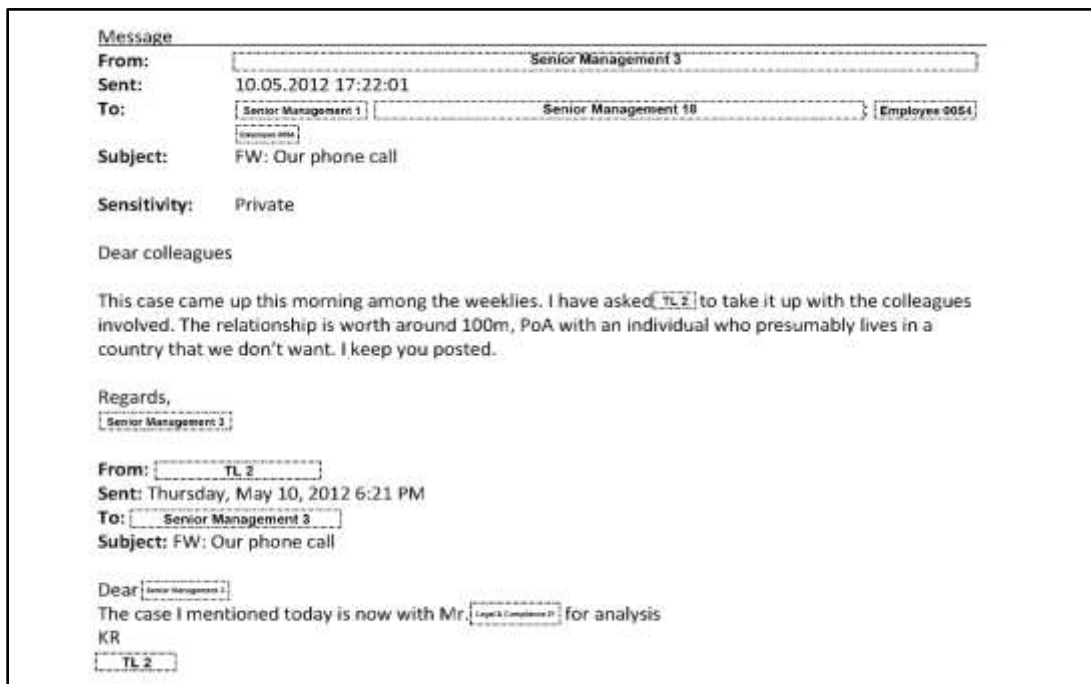
⁴⁵ *Id.* (at pg. 7, “Person A submitted to Credit Suisse [International Bank] a copy of a United Kingdom passport that stated as place of birth as ‘ROCHESTER USA’ ”).

⁴⁶ *Offshore Tax Evasion: The Effort to Collect Unpaid Taxes on Billions in Hidden Offshore Accounts*, Majority and Minority Staff Report, Permanent Subcommittee on Investigation, Committee on Homeland Security and Governmental Affairs, Feb. 26, 2014. (At pg. 49: “In February 2011, four Credit Suisse bankers were indicted by the U.S. Department of Justice for aiding and abetting tax evasion by U.S. taxpayers. In response, Credit Suisse initiated an internal investigation, named Project Valentina, for the Valentine’s Day on which it started, February 14, 2011. The bank retained both Swiss and U.S. external counsel to carry out the investigation. The purpose of the internal investigation was to ‘examine the Private Bank’s U.S. cross-border banking business... the conduct of the business’ employees and to determine whether any of the activities violated the bank’s internal policies or regulations governing the business.’ ”)

⁴⁷ CSAG-SFC-0001251-EN.



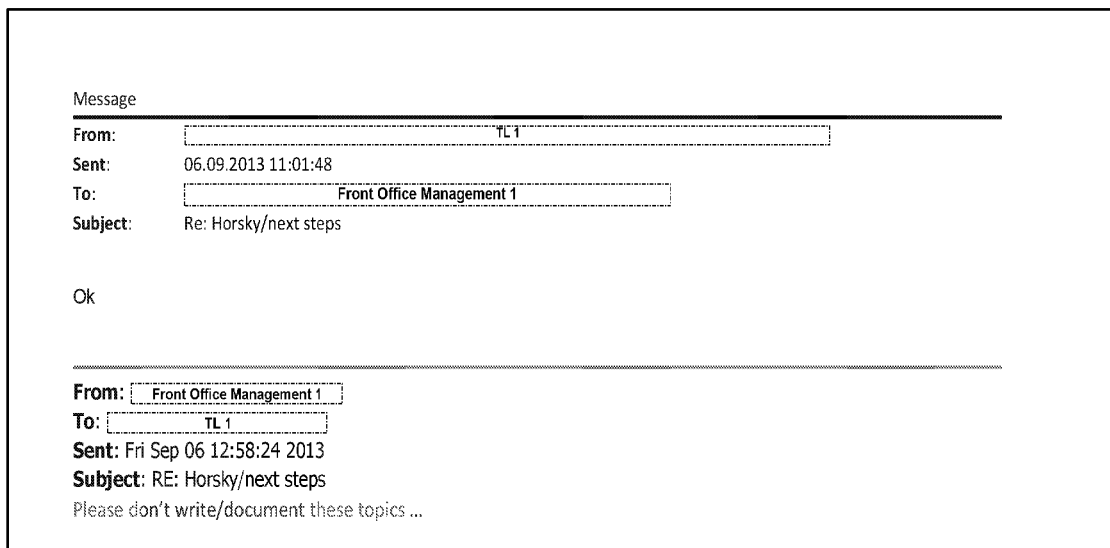
In this same email thread, senior Credit Suisse bankers also suggested that the power of attorney for the \$116-million set of accounts was held by an individual who “presumably lives in a country that we don’t want,” likely referencing the United States.⁴⁸



Credit Suisse employees also took explicit steps to limit written communications and documentary evidence of any U.S. connections to Horsky’s accounts. In September 2013, a

⁴⁸ CSAG-SFC-0001230.

Credit Suisse employee identified as “Front Office Management 1” instructed a colleague “please don’t write/document these topics.”⁴⁹

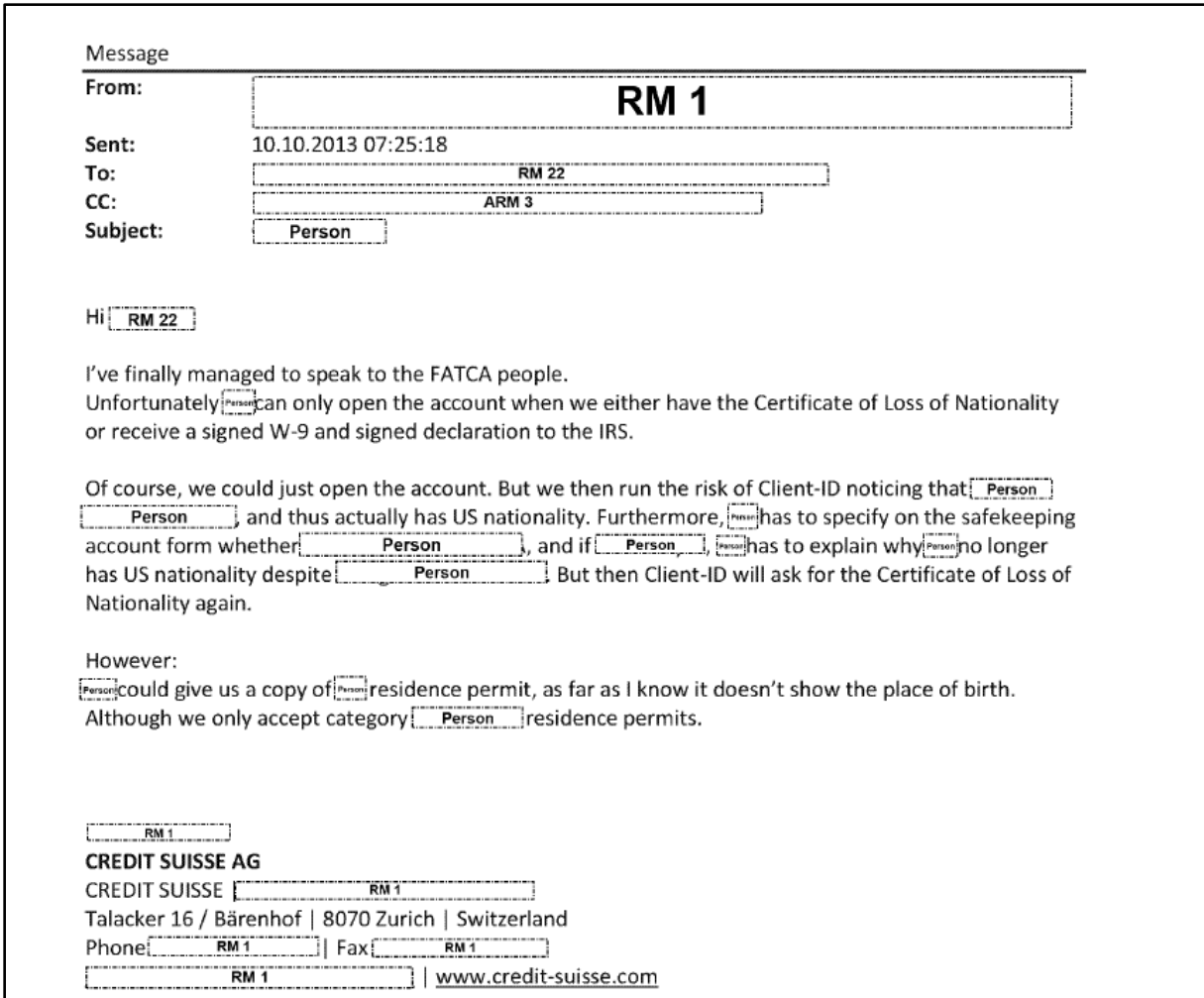


In October 2013, Credit Suisse relationship management staff discussed how they could bypass internal controls in the bank’s software in order to avoid detection of Horsky’s son’s U.S. nationality. In an email, one assistant relationship manager wrote to a relationship manager after speaking with the “FATCA people” that if they opened a new Horsky-related account “we then run the risk of [compliance] noticing that [account holder] actually has US nationality.”⁵⁰ The relationship manager then suggested they could use a residence permit for the account holder to open the account because “as far as I know it doesn’t show the place of birth.”⁵¹

⁴⁹ Front Office Manager 1 was one of the employees terminated by Credit Suisse.

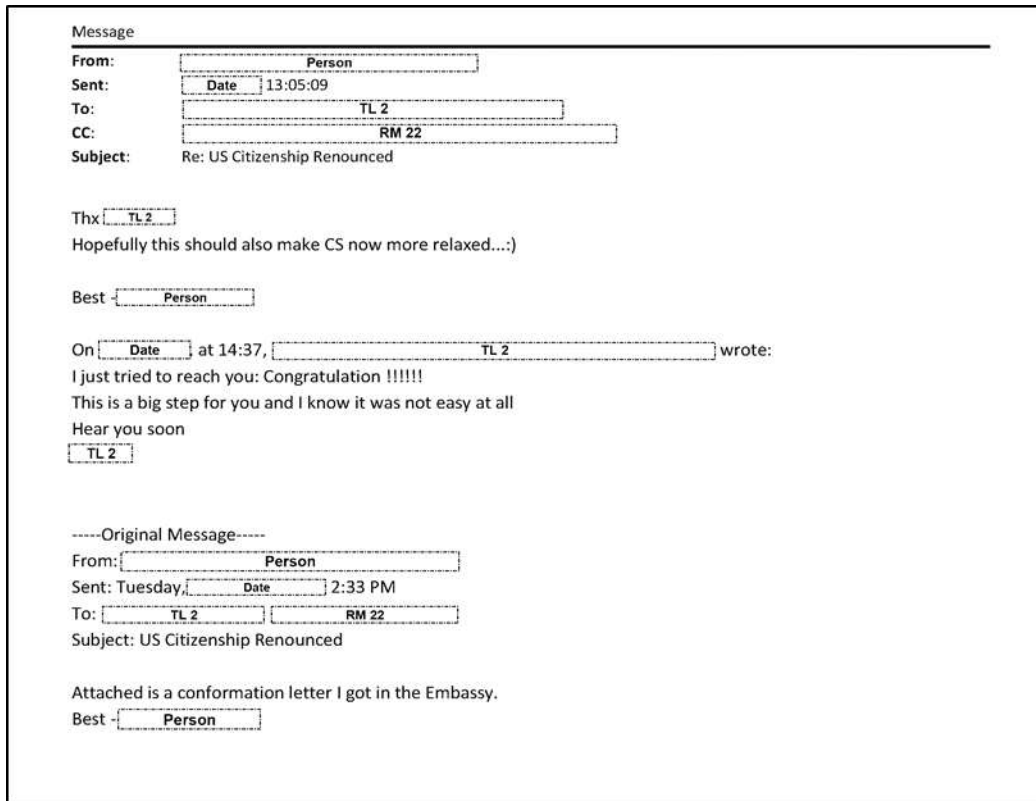
⁵⁰ CSAG-SFC-0001378-EN.

⁵¹ CSAG-SFC-0001378-EN.



Credit Suisse bankers were also aware of efforts by Gil Horsky to further shield the accounts by renouncing his U.S. citizenship. In an email titled “US Citizenship renounced,” an individual whose name was redacted in documents turned over by Credit Suisse notified a team leader at the Credit Suisse Israel desk of their decision to renounce their U.S. citizenship. The team leader responded “Congratulation!!!! This is a big step for you” and the individual replied “Thx [redacted], hopefully this should also make CS now more relaxed...).” While the date of the email and identity of the person were redacted by Credit Suisse, the Committee understands that this individual was Horsky’s son Gil. According to a notice published by the IRS, Gil Horsky expatriated from the U.S. sometime between January 1 and March 31, 2014.⁵²

⁵² *Quarterly Publication of Individuals Who Have Chosen to Expatriate, as Required by Section 6039G*, 79 Fed. Reg. 25,176 (May 2, 2014), <https://www.federalregister.gov/documents/2014/05/02/2014-10139/quarterly-publication-of-individuals-who-have-chosen-to-expatriate-as-required-by-section-6039g>.



As part of Gil Horsky’s efforts to renounce his U.S. citizenship, he also submitted a false expatriation statement (Form 8854) to the IRS, which failed to disclose his formal ownership of the accounts at Credit Suisse.⁵³ However, Gil Horsky avoided criminal prosecution as a result of the plea agreement his father signed with DOJ.⁵⁴

Credit Suisse compliance employees identified a potential U.S. nexus with Horsky’s accounts as early as 2012, and representatives for the bank told the Committee that Credit Suisse flagged the account again for further review in 2014. However, the account was undeclared until DOJ contacted Credit Suisse in April 2015. Credit Suisse employees were clearly aware of Horsky’s U.S. citizenship, and his functional ownership and control of the accounts. Furthermore, the bank had a copy of Horsky’s U.S. passport on file, and a simple search of public records would have identified him as a professor at the University of Rochester residing in the United States.⁵⁵

Following the DOJ plea agreement, Credit Suisse employees conducting a post-plea remediation exercise flagged the lack of internal documentation about the origin of Horsky’s

⁵³ *Position of the United States with Respect to Sentencing, United States v. Horsky*, No: 1:16cr224 (E.D. Va. Feb. 10, 2017). (At pg. 8, “As part of the renunciation, Person A submitted a false annual and expatriation statement to the IRS, Form 8854, which failed to disclose Person A’s net worth and ownership of foreign assets...”).

⁵⁴ *Plea Agreement, United States v. Horsky*, No: 1:16cr224 (E.D. Va. Jun. 29, 2015) (At pg. 7, “Additionally, the United States has agreed to enter into a Non-Prosecution Agreement with Individual A.”).

⁵⁵ Biography of Dan Horsky featured on the University of Rochester’s website captured on October 27, 2013, <https://web.archive.org/web/20131027021251/http://www.simon.rochester.edu:80/faculty-and-research/faculty-directory/faculty-profile/index.aspx?Username=dan.horsky>.

wealth and indicated that a market area head was involved in decisions about Horsky's accounts. In an August 2014 email, a Credit Suisse compliance employee pressed a Credit Suisse Relationship Manager for further details after telling the Relationship Manager "full detailed background of the generator of wealth [for Horsky's accounts] is necessary."⁵⁶ In response, the relationship manager replied that the "client" grew the inherited wealth through investments, but did not mention the role of Dan Horsky on the accounts or his U.S. connections. During this exchange, Credit Suisse employees indicated that the market area head was involved in major decisions regarding Horsky's account, stating that "MA head decision on the relationship will be communicated in the coming days."⁵⁷ Credit Suisse indicated this individual was the Market Area Co-Head for Russia/Central Asia/Greece/Israel/Eastern Europe.⁵⁸ However, Credit Suisse failed to report the existence of Horsky's accounts to the U.S. government prior to DOJ contacting the bank regarding the accounts.

⁵⁶ CSAG-SFC-0001540.

⁵⁷ CSAG-SFC-0001542.

⁵⁸ CSAG-SFC-0001542.

From: RM 22
Sent: Monday, September 29, 2014 1:01 PM
To: Front Office Management 1 TL 1
Subject: RE: Risk-based Client Review: 0835-0014806-6

There is absolutely no reason not to approve it!

From: Front Office Management 1
Sent: Montag, 29. September 2014 12:19
To: TL 1 RM 22
Subject: RE: Risk-based Client Review: 0835-0014806-6

Is there a risk that [redacted] won't approve it?

From: TL 1
Sent: Monday, September 29, 2014 12:12 PM
To: RM 22
CC: Front Office Management 1
Subject: FW: Risk-based Client Review: 0835-0014806-6

Hi [RM 22] pls briefly inform [redacted] about the status of Horsky in yellow relationship review.

Many thanks

TL 1

TL 1

From: FLDS 2
Sent: Freitag, 26. September 2014 20:54
To: RM 22
CC: TL 1 ARM 3 FLDS 1
Subject: RE: Risk-based Client Review: 0835-0014806-6

Dear RM 22

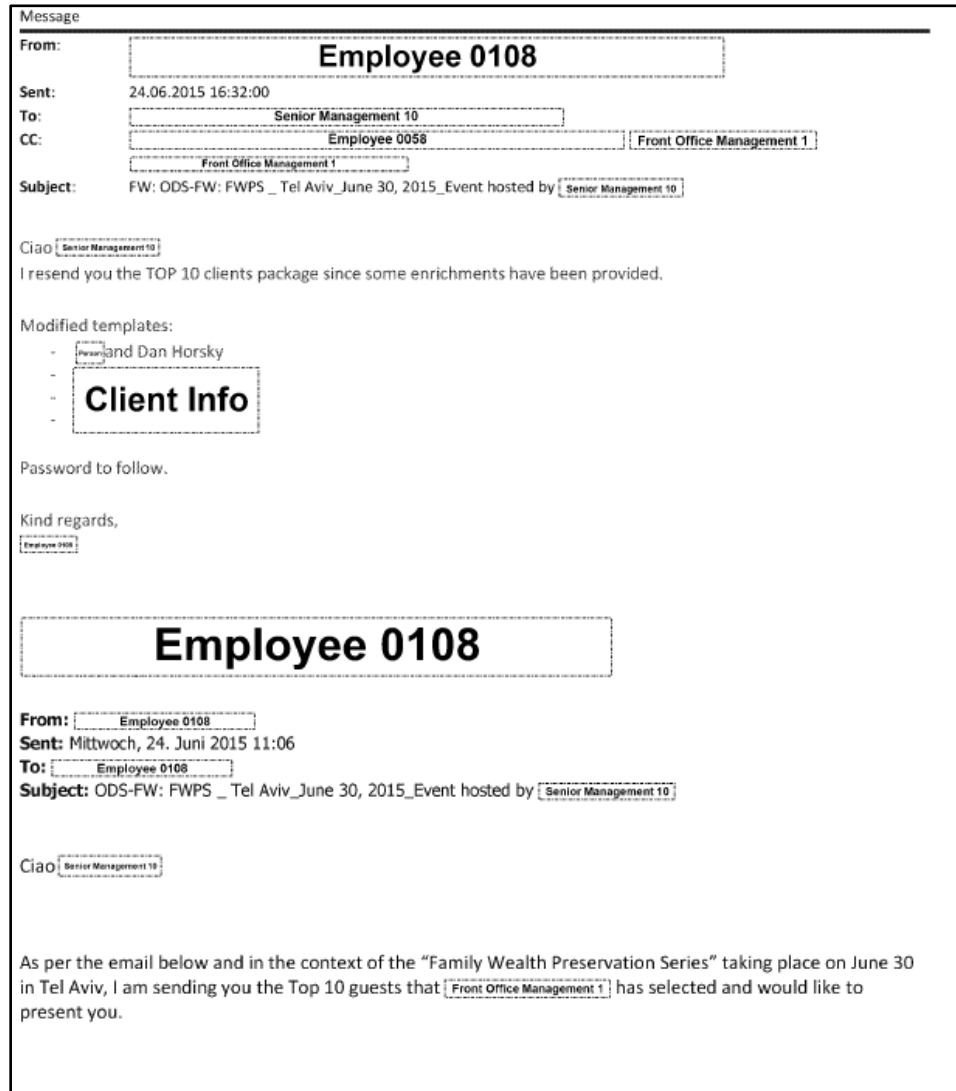
Thank you for the reply and your efforts. MA Head decision on the relationship will be communicated in the coming days.

Best regards,

Even after DOJ contacted Credit Suisse in April 2015, emails obtained by the Committee indicate that as late as June 2015, Credit Suisse continued to invite Horsky to events the bank hosted for ultra-high net worth clients. In June 2015, the Market Area Head for Northern and Eastern Europe, identified in documents as Senior Management 10, traveled to Tel Aviv to host a “Family Wealth Preservation Series” for Credit Suisse’s top customers.⁵⁹ Internal emails preceding the event requested that the guest list “focus on strong business cases or guest[s] of

⁵⁹ CSAG-SFC-0001582.

importance for the bank.”⁶⁰ The “Consolidated Guest Factsheet” prepared by Credit Suisse employees for that event includes a full-page entry for “Dan Horsky,” which lists financial and personal details about him, including that his assets exceed \$220 million and that he is “interested in African Art.”⁶¹



Credit Suisse has not stated specifically why it failed to report Horsky’s accounts to DOJ. However, documents provided by the bank clearly illustrate that the conduct of its employees and major flaws in its Project Valentina review and other internal investigations contributed to repeated compliance failures as bank employees continued to actively aid Horsky in illegally hiding assets from U.S. authorities. It appears that employees from Credit Suisse’s Israel desk not only failed to indicate Horsky’s U.S. connections on bank filings, but also deliberately misled compliance executives during various reviews. According to a presentation from Credit

⁶⁰ CSAG-SFC-0001583.

⁶¹ CSAG-SFC-0001593.

Suisse representatives, these tactics included “failing to answer inquiries from U.S. legal and compliance, manipulation of the client review process, omissions in response to remediation efforts, and inaccurate and incomplete red flag reports.”⁶² Employees from the Israel desk allowed Horsky to exercise full control over the accounts while obfuscating his ownership and control of the accounts to compliance personnel.

In addition to Israel desk employees’ interference with compliance inquiries that prevented the detection of Horsky’s accounts, the Committee believes that substantial deficiencies in the bank’s internal review process played a role in allowing the fraud to continue undetected. For example, Credit Suisse’s Project Valentina review did not include Know Your Customer (KYC) or due diligence notes housed in its FrontNet system as part of the e-binders the review teams created to identify potentially undisclosed U.S. accounts.⁶³ These KYC files had detailed information on the source of a client’s wealth, background and other information that provided a more complete picture of a client than searches for U.S. addresses, phone numbers or other formal U.S. indicia captured in account opening forms and other paperwork. Credit Suisse representatives did not provide any explanation as to why these KYC files were not included in its Project Valentina review. Credit Suisse also did not provide a sufficient justification as to why the bank’s records search failed to match Horsky’s accounts with the bank’s records of his U.S. passport or status declaration as a U.S. person, something that Horsky produced to the bank in 2008 and produced to the Committee in connection with his accounts.

Credit Suisse indicated that their review systems initially did not have the capability to aggregate different accounts that were part of the same client relationship.⁶⁴ In instances like Horsky’s where clients open numerous accounts in the name of offshore entities with the use of non-U.S. passports, this blind spot prevented compliance executives from identifying U.S. beneficial owners absent the complete and truthful cooperation from employees managing the relationship. The private banking division at Credit Suisse has a long history of actively concealing client accounts from U.S. authorities and Credit Suisse compliance personnel. Given this history, Credit Suisse executives should have exercised significantly more caution in relying on private banking division employees to comply with the bank’s internal controls.

Although subsequent Credit Suisse review efforts involved additional sources of information lacking in the Project Valentina review, in the nine years following the 2014 plea, Credit Suisse failed to live up to its executives’ promise to be “100 percent compliant” with U.S. law. In addition to the shortcomings in the Horsky matter, the Committee’s investigation found that Credit Suisse’s flawed reviews failed to detect additional high-dollar accounts belonging to U.S. persons long after entering into its plea agreement with DOJ.

Role of whistleblower in identifying Horsky account signals lack of rigorous oversight by DOJ

⁶² Presentation to Committee staff by Credit Suisse outside counsel, November 18, 2021 and January 27, 2022.

⁶³ Presentation to Committee staff by Credit Suisse outside counsel, April 8, 2022.

⁶⁴ *Id.*

In April 2014, a former Credit Suisse banker provided the DOJ with documents and detailed information regarding Horsky’s undeclared accounts and acts of concealment undertaken by Credit Suisse. This disclosure came several weeks after Credit Suisse executives testified to PSI that the bank would be 100-percent compliant with U.S. law going forward. However, despite this assertion, when DOJ announced it had reached a plea with Credit Suisse in May 2014, no action had been taken on the Horsky account. The former banker met with DOJ and IRS again in July 2014, providing the government with additional information about Horsky as well as systematic efforts at Credit Suisse to continue to evade U.S. reporting requirements on concealed assets.

In November 2014, Credit Suisse was sentenced in the Eastern District of Virginia, and at this time the Horsky account was still not identified by Credit Suisse or the U.S. government. It was not until April 2015 that DOJ contacted Credit Suisse and Horsky about the accounts. Horsky quickly pleaded guilty two months later.

Despite the failure of Credit Suisse to disclose Horsky’s account for nearly a year after pleading guilty to conspiracy to aid and assist U.S. taxpayers in filing false tax returns, DOJ appears to have taken no punitive action against Credit Suisse. After Horsky pleaded guilty, the former Credit Suisse employee continued to provide additional information to IRS and DOJ about Credit Suisse’s practices in 2016 and 2017, even arranging for additional witnesses to provide information. DOJ still took no action. As discussed below, now, nine years after Credit Suisse’s plea agreement, the bank continues to identify potential undeclared accounts, and DOJ has yet to impose additional penalties. This fact indicates a lapse in oversight by DOJ and a failure to evaluate the Horsky matter as a potential systemic failure in Credit Suisse’s oversight and review process.

The Committee uncovered previously unknown undeclared accounts of nearly \$100 million held at Credit Suisse by a family of dual U.S.–Latin American citizens

After the Committee publicly announced its investigation into Credit Suisse, multiple confidential whistleblowers approached the Committee in September 2021 with serious allegations that constitute a major breach of Credit Suisse’s plea agreement with DOJ. The confidential informants (hereinafter “the informants”) contacted the Committee with claims that Credit Suisse failed to properly disclose offshore accounts worth nearly \$100 million held at Credit Suisse by a family of dual U.S.–Latin American citizens.⁶⁵ The informants stated to the Committee that the Committee’s investigation into the bank motivated them to come forward.

The informants asserted that a family of dual U.S.–Latin American citizens (described in this report as “the Family”) held nearly \$100 million at Credit Suisse from at least 2004 to 2013.⁶⁶ The informants claimed the Family held five anonymous accounts, named after five

⁶⁵ Email from attorney on behalf of confidential informants, to Dan Goshorn and Patricio Gonzalez, Majority Staff, Senate Committee on Finance, Sep. 28, 2021.

⁶⁶ The informants claimed to the Committee that the Family held assets of over \$100 million at Credit Suisse. Subsequent investigation by the Committee assets held by the Family more accurately described them as totaling nearly \$100 million. The Committee chose to use the total of nearly \$100 million throughout the report for clarity.

Italian cities, and that the existence of these offshore accounts had not yet been disclosed to the IRS or DOJ by either the account holders or Credit Suisse. The informants claimed that Credit Suisse helped the Family quietly close these accounts and transfer the assets to other banks, where they remained open and potentially undisclosed to U.S. authorities at the time the informants contacted the Committee in 2021.

The informants also claimed Credit Suisse employees conspired to help the Family conceal nearly \$100 million from the IRS using several tactics, including intentionally concealing the family's U.S. citizenship on Credit Suisse internal account paperwork and assisting the family's transfer of nearly \$100 million out of Credit Suisse to other banks. The informants alleged that Credit Suisse bankers internally coded the Family's accounts in a manner that only reflected the family members' Latin American citizenship and masked indications that they were U.S. persons, despite the fact that the account holders were U.S. citizens and resided or reside in the United States.

Additionally, the informants asserted that senior executives in Credit Suisse's private banking division frequently traveled to the United States to meet with members of the Family to discuss their accounts. The informants claimed that Credit Suisse employees, including the Head of Private Banking for Latin America, met with the head of the Family on at least ten occasions near the primary account holder's then-residence in Miami, FL. The informants alleged that after the U.S. government launched criminal investigations into Credit Suisse and other Swiss banks, Credit Suisse employees began to meet with members of the Family exclusively in countries outside the United States.

The informants asserted that beginning in 2013, as Credit Suisse faced increasing scrutiny from criminal investigations by the U.S. government, Credit Suisse employees informed the Family they would need to close their accounts. The informants claim that after Credit Suisse informed the Family that they would have to transfer their money out of the bank, the Family contacted at least two former Credit Suisse bankers for assistance with discretely transferring funds out of the bank. The informants claim that in one instance contact was made directly by a member of the Family with a former banker, and in another instance contact was made through Jeffrey Lutz, who himself was a former Credit Suisse employee. In both instances the former Credit Suisse bankers declined to assist the Family.

Several weeks later, Credit Suisse began quietly and methodically closing the Family's accounts and transferring funds to other banks in Switzerland, Israel and elsewhere. The informants asserted that Credit Suisse did not report the existence of these accounts or any major wire transfers to external banks to U.S. authorities at any point before, during or after executing the bank's 2014 plea agreement with DOJ. One of the informants, who had detailed knowledge of the internal workings of the bank, stated that such a "huge" outflow of money would not have gone unnoticed by Credit Suisse management. The informant believed that accounts would not have been closed without discussions with Credit Suisse management and compliance.

These allegations would constitute a major violation of Credit Suisse's plea agreement with DOJ, as well as a conspiracy to allow the Family to continue to conceal their assets from the

IRS. Under its plea agreement with DOJ, Credit Suisse is required to fully comply with section II.D.2.b of the Swiss Bank Program.⁶⁷ More commonly known as the “leaver lists,” this section requires that Credit Suisse disclose all undeclared U.S. accounts that were closed and transferred out of the bank during an “applicable period.”⁶⁸ For Credit Suisse, the applicable period included accounts closed between August 1, 2008 and the date the bank entered into the plea agreement, May 19, 2014.

After conducting multiple interviews with the informants, the Committee conducted an additional investigation to verify the informants’ claims. The Committee sent records requests to the U.S. Department of Treasury, interviewed additional confidential sources, and requested additional information from Credit Suisse.

In particular, the Committee sent Credit Suisse an additional records request and a set of questions related to the informants’ allegations on January 20, 2022 in order to independently

⁶⁷ *Program for Non-Prosecution Agreements for Non-Target Letters for Swiss Banks*, Department of Justice, Aug. 29, 2013, <https://www.justice.gov/tax/file/631356/download>. (Under Section II.D.2 of the Swiss Bank Program: Upon execution of an NPA, for all U.S. related Accounts that were closed during the Applicable Period, the Swiss Bank must provide information including: the maximum value of each account, the number of U.S. persons affiliated with each account, whether it was held by an individual or entity, the name and function of any relationship manager or professional from the Bank affiliated with the account, and information concerning the transfer of funds into and out of the account. The “applicable period” is defined as the period between August 1, 2008 and the date of the Non-Prosecution Agreement or Non-Target Letter, if that date was earlier than December 31, 2014. Accordingly, for Credit Suisse the applicable period for this provision is from August 1, 2008 to May 14, 2014.)

⁶⁸ Credit Suisse contends that it adhered to the requirements imposed on it by II.D.2 because it followed certain enumerated procedures in Annex I, Part II of the U.S.–Switzerland FATCA agreement. Credit Suisse contends that Section II.D.2.b of the Swiss Bank Program, which is incorporated into the plea, requires banks to provide information to DOJ regarding “all U.S. Related Accounts that were closed during the Applicable Period.” The bank states that “U.S. Related Accounts” is a defined term, and it does not refer to every account that turns out to be U.S.-related. Instead, the bank stated it refers to accounts “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, *as determined by applying the due diligence procedures...in the FATCA Agreement, Annex I, Part II.*” Section I.B.9. Annex I, Part II of the US/Swiss FATCA agreement in turn outlines review procedures that rely heavily on review of “electronically searchable data” for U.S. indicia, a process that Credit Suisse did undertake.

However, the Annex explicitly notes that a “Reporting Swiss Financial Institution may not rely on a self-certification or documentary evidence if the Reporting Swiss Financial Institution knows or has reason to know that the self-certification or documentary evidence is incorrect or unreliable.” Annex I, Part IV. Credit Suisse acknowledged in its plea that – while operating an illegal cross-border banking business that knowingly and willfully aided thousands of U.S. clients in a criminal tax evasion scheme – it failed to maintain records, structured operations to avoid the creation of records, and destroyed records. Consequently, the Committee believes Credit Suisse had “reason to know” that the bank’s electronic records may have been incorrect or unreliable. More importantly, Credit Suisse confirmed to the Committee that its own employees had raised concerns about the U.S. citizenship of the Family, and recommended to the Family that they enter into a voluntary disclosure program with the IRS, providing clear evidence that Credit Suisse was aware the account holders were not in compliance with U.S. tax laws. Further, any adequate inquiry into the Family’s accounts would likely have identified additional evidence that the accounts were U.S. Related. For example, Credit Suisse would have discovered that several of its own employees traveled to the United States on several occasions to meet with the Family and had knowledge that members of the Family resided in Miami, FL at the time. Any discovery of a Florida residence would have prompted simple follow-up questions about whether the account holders were U.S. citizens or U.S. persons for tax purposes (e.g., substantial presence test).

verify the informants' claims.⁶⁹ The Committee asked Credit Suisse if from approximately 2004 to 2014, any dual citizens of the United States and a specified Latin American country were the beneficial owners of accounts at Credit Suisse that were undeclared in the United States. The Committee also asked Credit Suisse if these accounts were opened and maintained using U.S. or Latin American passports, whether the paperwork for the accounts reflected the account holders' U.S. citizenship, whether Credit Suisse employees traveled to the U.S. to meet with the account holders, and whether any of the account holders resided in Miami, FL while they were Credit Suisse clients.

The Committee also asked whether any of these accounts were closed and transferred out of Credit Suisse without being reported to DOJ (as required by paragraph 7.B.1. of Credit Suisse's plea agreement with DOJ) and whether Credit Suisse employees serving as the Head of Private Banking for Latin America or the Americas made decisions related to the accounts.

The Committee's investigation confirmed the existence of a set of large undeclared accounts held by family of dual U.S.–Latin American citizens

The Committee corroborated the informants' major allegations. Based on responses provided by Credit Suisse in a series of presentations on October 11, 2022 and November 17, 2022, as well as review of Treasury records, and interviews with additional confidential sources, the Committee has determined the following:⁷⁰

1. Information provided by Credit Suisse confirms the existence of a previously undisclosed client relationship involving a family of dual U.S.–Latin American citizens (identified throughout this report as “the Family”). Although Credit Suisse did not provide the identity of this client citing Swiss secrecy laws, the Committee has determined that the client's account details match the description of the Family identified by informants.
2. The Family held accounts with assets worth nearly \$100 million at Credit Suisse until 2013, at which time the assets were transferred to external banks in Switzerland and elsewhere. Although Credit Suisse later reported one of the accounts to the IRS as FATCA non-consenting in 2018, Credit Suisse did not disclose the existence of all of these accounts to U.S. authorities as required by its plea agreement with DOJ until December 2021, months *after* confidential informants had already flagged these accounts for the Committee, DOJ and the IRS.
3. Information provided by Credit Suisse and additional confidential informants confirmed that in November 2012 and May 2013, the Family closed eight accounts and transferred nearly \$100 million out of Credit Suisse to other banks in Switzerland, Israel and Andorra. These large wire transfers included the following:

⁶⁹ Email from Patricio Gonzalez, Majority Staff, Senate Finance Committee to Credit Suisse outside counsel at Kirkland & Ellis, Jan. 20, 2022.

⁷⁰ On October 11, 2022 and November 17, 2022, Credit Suisse's general counsel and outside counsel made a presentation to Committee majority staff regarding previously undisclosed accounts held by a family of dual U.S.–Latin American citizens.

- a. According to Credit Suisse, from November 2012 to February 2013, the Family transferred tens of millions of dollars out of Credit Suisse to a group of banks in Switzerland. Credit Suisse declined to provide the identity of the Swiss banks that received the funds, stating that it did not obtain permission from the Swiss government or the account holders to do so.
 - b. Additional confidential sources indicated to the Committee that the Family transferred funds to two banks in Switzerland: UBP and PKB.
 - c. In 2013, the Family transferred tens of millions of dollars out of Credit Suisse to Bank Leumi in Israel.
 - d. In 2013, the Family also transferred between \$5 to \$10 million out of Credit Suisse to Andorra Banc Agrícola Reig, S.A. (also known as “Andbank”) in Andorra.
4. The Family’s accounts were registered at Credit Suisse using only the account holders’ Latin American citizenship and failed to account for U.S. passports and residency in the United States. Information provided by Credit Suisse confirmed that employees of the bank had passport information indicating a place of birth in the United States. Additionally, information provided by Credit Suisse confirmed that its bankers, prior to 2014, traveled to the United States on several occasions to meet with the Family and had knowledge that members of the Family resided in Miami, FL at the time. These meetings occurred at least annually, and included annual meetings in Miami that Credit Suisse hosted for groups of ultra-high net worth clients. These meetings took place in hotels and restaurants in Miami, including the Mandarin Hotel and the Capital Grille.
 5. Information provided by Credit Suisse indicates that the Family members were longtime Credit Suisse clients, and held accounts at Credit Suisse for over 30 years. It appears the accounts at Credit Suisse were first opened in 1979 by a U.S. citizen then residing in Latin America.
 6. The most senior bank official that the Committee confirmed had knowledge of the Family’s accounts was the Head of Private Banking for Latin America, Alexander Siegenthaler. Siegenthaler left the bank in 2006 and was replaced by Christian Wiesendanger, who served as Head of Private Banking for Latin America until 2010. Wiesendanger in turn was replaced by Silvan Wyss.⁷¹

⁷¹ *Offshore Tax Evasion: The Effort to Collect Unpaid Taxes on Billions in Hidden Offshore Accounts*, Majority and Minority Staff Report, Permanent Subcommittee on Investigation, Committee on Homeland Security and Governmental Affairs, Feb. 26, 2014. (Organizational chart on pg. 48 and at pg. 49: “Mr. Walder reported in turn to Christian Wiesendanger, head of Private Banking Latin America. Mr. Wiesendanger was based in Switzerland, left Credit Suisse in 2010, and was replaced by another Swiss manager, Silvan Wyss.”)

7. Siegenthaler met personally with the Family in Miami, FL to discuss the Family's accounts. The Committee notes that several Credit Suisse employees directly supervised by Siegenthaler, Wiesendanger and Wyss were indicted by DOJ for assisting U.S. individuals in maintaining secret offshore accounts in order to evade U.S. taxes.⁷² To date, none of these individuals who served as Head of Private Banking for Latin America from 2006 to 2013 at Credit Suisse have faced criminal charges in the United States.
8. The Committee's investigation also confirmed a relationship between the family and a Credit Suisse employee named Jeffrey Lautz. The investigation determined that during his time at Credit Suisse, Lautz was one of the bankers who traveled to Miami to meet with the Family personally. Although the Committee could not independently verify the informants' allegation that Lautz worked on behalf of the Family to help them transfer assets out of Credit Suisse, Lautz's public LinkedIn profile indicates he worked at UBP after leaving Credit Suisse, which received some of the Family's money.
9. The Committee established that several Credit Suisse employees were involved in the process of closing the Family's accounts and transferring nearly \$100 million to other external banks. In the fall of 2012, the Family began working primarily with an employee from Credit Suisse Trust and Andreas Engeli to close the accounts and transfer assets out of the bank. Also assisting the Family in this effort were Christopher Mountford and Jonathan Hunt from Credit Suisse Trust, and relationship managers Joseph Haering and Michael Bosch. While most of this process was carried out through emails and phone calls, primarily with Andreas Engeli, the Family attended meetings with several of these Credit Suisse employees in Zurich in November 2012 and in Geneva in December 2012. Several of these employees were aware that members of the Family were U.S. citizens, and had told the family they would need to provide affirmative proof they were non-U.S. persons if they wanted to remain clients at Credit Suisse.
10. Credit Suisse indicated that at the time the Family's assets were transferred out of Credit Suisse, employees of Credit Suisse notified the account holders of the IRS voluntary disclosure program, which provides a way for taxpayers with previously undisclosed income to contact the IRS and resolve their tax matters.
11. Confidential sources informed the Committee that the Family's accounts were also known to Credit Suisse compliance personnel in late 2011 or early 2012. After Credit Suisse employees raised concerns about the Family's tax residency in the United States and inquired about whether these accounts were being reported to the IRS, these accounts

⁷² *Id.* (At pg. 48 of the report, the SALN division organizational chart indicates that five bankers in the division were indicted in the United States: Markus Walder, Susanne Ruegg-Meier, Marco Parenti Adami, Roger Schaerer and Michele Bergantino); *Swiss International Bank's Former Head of North America Offshore Banking, Others Charged with Conspiracy*, U.S Department of Justice, Jul. 21, 2011, <https://www.justice.gov/opa/pr/swiss-international-banks-former-head-north-america-offshore-banking-others-charged>.

were terminated by Credit Suisse employees. However, it is unclear why these accounts were not disclosed as part of the leaver lists in light of these revelations.

12. Credit Suisse examined the participation of 13 employees involved in handling what the Committee has determined to be the Family's accounts. Eleven of the employees no longer work at Credit Suisse. These employees were located in Miami, Switzerland and Latin America. None of the employees were terminated due to this conduct because Credit Suisse only detected the existence of these accounts in late 2021. Credit Suisse did not provide the names of any of the employees involved in the potentially criminal tax conspiracy.
13. Credit Suisse declined to seek waivers from the client in order to provide the Committee additional information and documents related to the account holders and employees involved in the conduct. According to Credit Suisse, the matter is currently subject to "extensive ongoing cooperation with U.S. law enforcement."

Implications of the information provided by Credit Suisse to the Committee on undisclosed accounts held by the Family

The disclosures made by Credit Suisse to the Committee involving the Family's undisclosed accounts raise several serious concerns, including major violations of Credit Suisse's plea agreement and potential criminal exposure for several entities and individuals.

- **Violation of "leaver list" requirements in Credit Suisse's plea agreement.** Under its plea agreement with DOJ, Credit Suisse is required to fully comply with section II.D.2.b of the Swiss Bank Program. More commonly known as the "leaver list," this section requires that Credit Suisse disclose all undeclared accounts that were closed and transferred out of the bank during an "applicable period."⁷³ For Credit Suisse, the applicable period included accounts closed between August 1, 2008 and the date the bank entered into the plea agreement, May 19, 2014. Credit Suisse's failure to disclose that it closed eight accounts belonging to a client valued at nearly \$100 million in 2012 and 2013 represents a clear violation of this condition of its plea agreement. By wiring these assets to other banks without notifying DOJ, Credit Suisse enabled what appears to be criminal tax evasion by a client to continue undetected.

⁷³ *Program for Non-Prosecution Agreements for Non-Target Letters for Swiss Banks*, Department of Justice, Aug. 29, 2013, <https://www.justice.gov/tax/file/631356/download>. (Under Section II.D.2 of the Swiss Bank Program: Upon execution of an NPA, for all U.S. Related Accounts that were closed during the Applicable Period, the Swiss Bank must provide information including: the maximum value of each account, the number of U.S. persons affiliated with each account, whether it was held by an individual or entity, the name and function of any relationship manager or professional from the Bank affiliated with the account, and information concerning the transfer of funds into and out of the account. The "applicable period" is defined as the period between August 1, 2008 and the date of the Non-Prosecution Agreement or Non-Target Letter, if that date was earlier than December 31, 2014. Accordingly, for Credit Suisse the applicable period for this provision is from August 1, 2008 to May 14, 2014.)

- **Potential criminal exposure for the account holders for the failure to report offshore accounts to the IRS.** U.S. law requires all tax residents and citizens to report all foreign bank accounts with a value exceeding \$10,000 by filing an annual FBAR form. The willful failure to file an FBAR form is a felony offense that carries significant financial penalties, and in more severe cases such a failure can result in jail time. The financial penalty for a willful FBAR violation may be up to \$100,000 (adjusted for inflation) or 50 percent of the aggregate value of the accounts at the time of the violation, whichever is greater.⁷⁴ Since the account holders (the Family) appear to have concealed eight accounts valued at nearly \$100 million for as much as 20 years, the FBAR penalty could be tens of millions of dollars. The Committee reviewed FBAR filings to determine if the Family made any filings with the U.S. Department of the Treasury. The filings reviewed by the Committee did not include any accounts that matched the facts described in the report.
- **Several additional banks appear to have assisted the Family in concealing their accounts from U.S. authorities.** The Committee has identified banks in Switzerland, Israel, and Andorra that received transfers from the Family’s accounts between November 2012 and February 2013. The Committee plans to conduct further investigation of Union Bancaire Privee, UBP SA (UBP) and PKB Privatbank AG (PKB), Bank Leumi, and Andorra Banc Agrícola Reig, S.A. to understand their handling of the Family’s accounts.
- **Israeli Bank Leumi may have violated its own Deferred Prosecution Agreement.** The facts presented by this report raise concerns that Bank Leumi in Israel violated its own plea agreement with DOJ by failing to disclose tens of millions of dollars it held for the Family. Similar to Credit Suisse, in 2014 Bank Leumi pleaded guilty to helping over 1,500 Americans hide offshore assets from the IRS and entered into a deferred prosecution agreement with DOJ.⁷⁵ According to the statement of facts in the deferred prosecution agreement, Bank Leumi “maintained accounts for U.S. taxpayers who left UBS and other Swiss banks in an effort to continue to avoid detection by the U.S. government.” DOJ should immediately review whether Bank Leumi continued to aid U.S. taxpayers in concealing offshore funds.⁷⁶
- **UBP and PKB may have also violated their own non-prosecution agreements.** If UBP and PKB received tens of millions of dollars from the Family’s accounts at Credit Suisse and failed to disclose them to DOJ, that conduct would represent a major violation of those banks non-prosecution agreements with DOJ. In the case of UBP, this would

⁷⁴ Under the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, certain civil penalties are adjusted for inflation. For 2023, the civil penalty for willful FBAR violations is \$156,107.

⁷⁵ *Bank Leumi admits to assisting U.S. taxpayers in hiding assets in Offshore Bank Accounts*, U.S. Department of Justice, Dec. 22, 2014, <https://www.justice.gov/opa/pr/bank-leumi-admits-assisting-us-taxpayers-hiding-assets-offshore-bank-accounts>.

⁷⁶ *Id.*

now be the third time the bank has breached its agreement for failing to disclose high-dollar accounts held by U.S. persons. As recently as 2020, UBP was required to file an addendum with DOJ and pay additional fines for violating its agreement.⁷⁷

Credit Suisse disclosed to the Committee there may be dozens of additional large undeclared accounts belonging to U.S. taxpayers

In order to comply with its plea agreement with DOJ, since 2014 Credit Suisse has disclosed to U.S. officials a population of thousands of previously undeclared accounts belonging to U.S. persons with a value of over \$1.3 billion.⁷⁸ Credit Suisse indicated that most of the accounts in the population were identified during the post-plea monitorship, and that the vast majority are closed. Credit Suisse also indicated that about a third of accounts involved client relationships with less than \$50,000 in assets under management.⁷⁹ However, Credit Suisse indicated that client relationships with large accounts—assets in excess of \$20 million—represented a disproportionate share of the dollar value of the post-plea population of potential undeclared accounts, with nearly 100 client relationships accounting for hundreds of millions of dollars in accounts held by U.S. persons.⁸⁰

Nearly nine years after the plea agreement, and in response to the Committee’s investigation and renewed federal law enforcement activity, Credit Suisse actively reviewed dozens of additional client relationships with large accounts to confirm whether they are held by U.S. persons, and whether those relationships require further investigation by DOJ. While some of these accounts were identified during the post-2014 plea period, others were not. As part of that new review, Credit Suisse disclosed to the Committee that it examined 105 client relationships and determined that 23 of those relationships involved U.S. persons with large potentially undeclared accounts in excess of \$20 million.⁸¹ A number of these appear to include situations involving dual U.S. citizens where the client’s U.S. citizenship or residency was not disclosed.⁸²

Of the 23 potentially undeclared accounts in excess of \$20 million identified by Credit Suisse, 13 were disclosed to the Committee just days before the release of this report. The Committee is concerned that years after signing its plea agreement, Credit Suisse is still disclosing hundreds of millions of dollars in large undeclared accounts belonging to ultra-high net worth U.S. persons in response to heightened scrutiny from Congress and DOJ. It is the Committee’s understanding that a large number of these relationships are “subject to extensive

⁷⁷ *Justice Department Announces Addendum to Swiss Bank Program Category 2 Non-Prosecution Agreement with Union Bancaire Privee, UBP SA*, Department of Justice, Jan. 2, 2020, <https://www.justice.gov/opa/pr/justice-department-announces-addendum-swiss-bank-program-category-2-non-prosecution-agreeme-2>

⁷⁸ Presentation to Committee staff by Credit Suisse outside counsel, October 11, 2022.

⁷⁹ *Id.*

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² *Id.*

ongoing cooperation with law enforcement,” and Credit Suisse has given fact sheets to DOJ related to some of these accounts.⁸³

In addition to the accounts described in this report, reporting by the International Consortium of Investigative Journalists raised concerns of potentially undeclared accounts by Luis Carlos de Leon Perez, a dual U.S.-Venezuelan citizen who pled guilty in 2018 in U.S. federal court for his role in a scheme to bribe officials of Venezuela’s state-owned and state-controlled energy company, Petroleos de Venezuela S.A. (PDVSA), and for his role in an international money laundering scheme.⁸⁴ It appears that De Leon Perez had accounts at Credit Suisse with a balance of approximately \$23.7 million from 2011 to 2013.⁸⁵ Credit Suisse, citing Swiss law, did not answer questions from the Committee as to whether these accounts were ever properly disclosed to the IRS or DOJ prior to his indictment or whether the paperwork for the accounts ever reflected Mr. De Leon Perez’s U.S. citizenship.

Areas of concern related to criminal tax enforcement identified by the Committee’s investigation

Decline in IRS resources has decimated enforcement activity related to undeclared offshore bank accounts

Under Title 31 of the United States Code, U.S. citizens or residents are required to report to the U.S. Treasury Department all foreign bank accounts with a value of over \$10,000 by filing a Report of Foreign Bank and Financial Accounts (FBAR). This provision was signed into law in response to Congressional concern that individuals were using foreign financial institutions to engage in money laundering, tax evasion, sanctions evasion and other crimes. The Secretary of the Treasury has delegated to the IRS civil and criminal enforcement authority over potential FBAR violations.

Unfortunately, the staggering decline in IRS enforcement personnel over the last decade has severely hampered enforcement of FBAR violations. In a recent briefing with Committee staff, IRS representatives confirmed to the Committee that the loss of thousands of revenue agents and criminal special agents was the cause of steep declines in the initiation of criminal FBAR investigations and civil FBAR examinations.⁸⁶ For example, the number of criminal FBAR investigations initiated by the IRS dropped from 24 in 2017 to just seven in 2021.⁸⁷ The Committee finds that number to be unacceptably low. Staffing challenges and reduced contact with taxpayers due to the pandemic also led to a significant drop in warning letters for potential

⁸³ Presentation to Committee staff by Credit Suisse outside counsel, June 1, 2022.

⁸⁴ *Former Venezuelan Official Pleads Guilty to Money Laundering Charge in Connection with Bribery Scheme*, U.S. Department of Justice, Jul. 16, 2018, <https://www.justice.gov/opa/pr/former-venezuelan-official-pleads-guilty-money-laundering-charge-connection-bribery-scheme-0>.

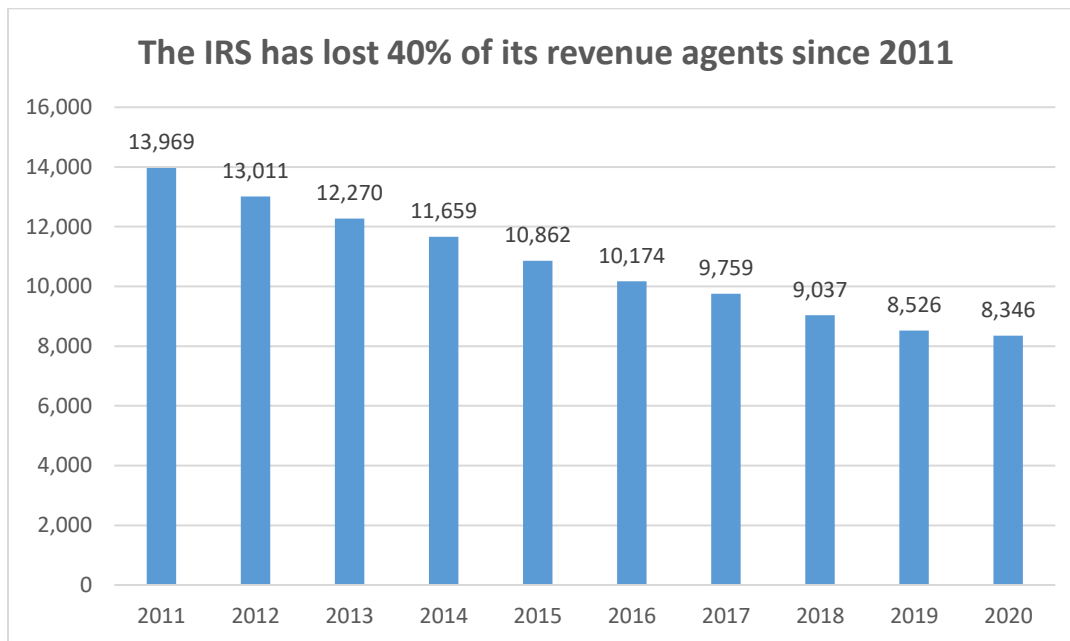
⁸⁵ *Black Gold in Swiss Vaults: Venezuelan Elites Hid Stolen Oil Money in Credit Suisse*, Organized Crime and Corruption Reporting Project, Armando.Info and Efecto Cocuyo, Feb. 20, 2022, <https://www.occrp.org/en/suisse-secrets/black-gold-in-swiss-vaults-venezuelan-elites-hid-stolen-oil-money-in-credit-suisse>.

⁸⁶ Briefing on 2021 FBAR report from IRS personnel for Committee staff on December 1, 2022.

⁸⁷ *2021 Report of Foreign Bank and Financial Accounts (FBAR) Report to Congress*, U.S. Internal Revenue Service, (DATE, WEB LINK?).

FBAR violations issued to taxpayers (a decline from 96 warning letters issued in 2017 to just 37 in 2021).⁸⁸

According to statistics compiled by the IRS, the agency has seen the ranks of examinations and collections personnel responsible for sophisticated audits or investigations decimated since 2010. For example, since 2010 the IRS has lost 40 percent of its revenue agent workforce, seeing the number of revenue agents decline from 14,588 in 2010 to 8,536 in 2021.⁸⁹ Similarly, the IRS criminal investigation division (CI) has lost 25 percent of its special agent workforce, with the number of CI special agents declining from 2,761 in 2010 to 2,046 in 2021.⁹⁰



Source: U.S. Government Accountability Office

Dual citizenship affords unique opportunities for cross-border tax evasion

The Committee found that client relationships involving dual U.S. citizens with multiple passports and residences present significant opportunities for cross-border tax evasion. The Committee’s investigation found that Credit Suisse bankers were historically able to code accounts using only the non-U.S. passport and non-U.S. residences, while failing to include relevant U.S. indicia in the paperwork for the account holders. This was the case with the Horsky accounts as well as the Family. Since many ultra-high net worth individuals hold multiple citizenships and own multiple residences, the bank’s failure to ensure employees are not

⁸⁸ *Id.*

⁸⁹ Internal Revenue Service personnel summary by employment status, budget activity and selected personnel type for fiscal years 2010, 2011, 2020 and 2021, <https://www.irs.gov/pub/irs-soi/10db30ps.xls>; <https://www.irs.gov/pub/irs-soi/21dbs06t32ps.xlsx>.

⁹⁰ *IRS Criminal Investigation Fiscal Year 2022 Annual Report*, U.S. Internal Revenue Service, <https://www.irs.gov/pub/irs-pdf/p3583.pdf>.

intentionally misclassifying U.S. taxpayers provides an outsized incentive for bank employees to continue enabling offshore tax evasion by its largest clients.

Sophisticated financial institutions like Credit Suisse are well aware of their compliance obligations under FATCA and the relevant forms they are required to obtain from account holders who are either U.S. citizens or U.S. tax residents under the substantial presence test. These forms include a W-9, W-8BEN and W-8BEN-E. As part of its own internal FATCA policy, Credit Suisse will ask for a “status declaration form for individuals” regarding U.S. residency, citizenship and assets or income subject to U.S. tax. Credit Suisse has recently modernized its information technology systems to better capture U.S. indicia and group together accounts that are part of the same client relationship.

However, bankers are still able to structure accounts for wealthy clients in a manner that does not reflect a U.S. passport, residence or other connections to the U.S. If a complicit banker takes steps early on to code the accounts to remove these indicia from the bank’s system, there is a significant risk that automated surveillance systems or compliance executives will not detect the account’s U.S. nexus. This also extends to expatriations where an individual renounces U.S. citizenship. In some situations, family members have renounced U.S. citizenship and opened accounts in order to receive undeclared assets from other relatives while avoiding FATCA disclosure as well as income, gift and expatriation taxes.

The compensation structure for private bankers further incentivizes these practices, as compensation such as bonuses is highly dependent on each banker’s assets under management. In private banking, the more money you manage, the more you are paid. Accordingly, ultra-high net worth clients with more than \$20 or \$30 million in assets are particularly prized and possibly afforded special considerations by relationship managers.

The monitor appointed to review Credit Suisse’s post-plea agreement remediation, Neil Barofsky, confirmed that dual-citizen accounts remain a serious risk to this day. Barofsky told the Committee in a briefing that while it is more difficult to hide accounts at Credit Suisse using this technique than it used to be, it is still possible if a capable relationship manager carefully structures it.⁹¹

Credit Suisse acknowledged to the Committee the challenges of policing account holders with dual citizenship, and suggested to the Committee the U.S. government explore a pathway for banks, with clients’ consent, to reach out to the U.S. government to help determine whether clients are U.S. persons (such as the Department of Homeland Security’s I-94 database).

Credit Suisse also indicated that it is extremely difficult, if not impossible, for the bank to determine whether a client meets the substantial presence test for tax purposes. Credit Suisse stated that it is unable to determine how many days customers spend in the United States.

⁹¹ Committee staff briefing with Neil Barofsky, partner at Jenner & Block on February 8, 2022. The meeting discussed broad enforcement challenges and issues identified by Mr. Barofsky’s work as a court-appointed monitor tasked with overseeing Credit Suisse’s post-plea compliance and remediation efforts.

While the Committee appreciates Credit Suisse’s suggestions to address this problem, the Committee believes that Swiss banks still have major compliance deficiencies, and must take further action to stop bank employees and executives from permitting or actively assisting U.S. tax evasion. Credit Suisse representatives and the court-appointed monitor both point to the possibility that motivated individuals within the bank can help U.S. account holders evade detection. However, even when caught participating in these schemes, these bankers seldom face criminal prosecution. Until U.S. and Swiss authorities take more active enforcement actions against financial institutions and bankers involved in helping Americans hide their assets offshore, this type of illegal offshore tax evasion by wealthy U.S. persons is likely to continue.

DOJ’s pledges to prosecute repeat corporate offenders

While the extent of the efforts undertaken by DOJ to investigate Credit Suisse’s conduct in the Horsky affair remains unclear, the Committee’s findings emphasize the urgency of DOJ’s recent pledges to crack down on foreign bankers, attorneys and finance professionals who facilitate tax evasion. Under the Biden administration, DOJ has expressed a renewed commitment to prosecuting tax evaders and the white collar professionals who aid them. The facts underlying Horsky’s indictment—and other recent actions by DOJ to hold tax evaders accountable—show that, without stringent criminal enforcement, professional enablers will continue to facilitate tax evasion.

Following Horsky’s sentencing in 2017, the U.S. Attorney who prosecuted him stated that his “sentence shows that [DOJ] will continue to prosecute bankers and U.S. citizens who engage in this criminal activity.”⁹² Senior DOJ officials have similarly emphasized that corporate crime, and serial facilitation of tax evasion in particular, is a prosecutorial priority. In an October 2021 speech, Deputy Attorney General Lisa O. Monaco emphasized that “when considering corporate resolutions [. . .] prosecutors can and should consider the full range of prior misconduct, not just a narrower subset of similar misconduct.”⁹³

In September 2022, Deputy Attorney General Monaco reiterated this commitment to prioritizing and prosecuting corporate crime, pledging that “whether wrongdoers are on the trading floor or in the C-suite, we will hold those who break the law accountable, regardless of their position, status, or seniority.”⁹⁴ Acting Deputy Assistant Attorney General Stuart M. Goldberg of the Justice Department’s Tax Division also recently announced that “prosecuting offshore tax evasion remains one of the Tax Division’s highest priorities.”⁹⁵ Deputy Assistant

⁹² *Former University Business Professor sentenced to Prison for Hiding over \$220 Million in Offshore Banks*, Department of Justice, Feb. 10, 2017, <https://www.justice.gov/opa/pr/former-university-business-professor-sentenced-prison-hiding-over-220-million-offshore-banks>.

⁹³ *Deputy Attorney General Lisa O. Monaco Gives Keynote Address at ABA’s 36th National Institute on White Collar Crime*, Department of Justice, Oct. 28, 2021, <https://www.justice.gov/opa/speech/deputy-attorney-general-lisa-o-monaco-gives-keynote-address-abas-36th-national-institute>.

⁹⁴ *Deputy Attorney General Lisa O. Monaco Delivers Remarks on Corporate Criminal Enforcement*, Department of Justice, Sep. 15, 2022, <https://www.justice.gov/opa/speech/deputy-attorney-general-lisa-o-monaco-delivers-remarks-corporate-criminal-enforcement>.

⁹⁵ *Indictment Unsealed Against Six Individuals and Foreign Financial Service Firm for Tax Evasion Conspiracy*, Department of Justice, Sep. 28, 2021, <https://www.justice.gov/opa/pr/indictment-unsealed-against-six-individuals-and-foreign-financial-service-firm-tax-evasion>.

Attorney General Goldberg specifically noted “the foreign bankers, attorneys and finance professionals who design and execute strategies to assist [tax] evasion – should know that the Tax Division and IRS have the investigative resources and expertise to unravel even the most elaborate schemes.”⁹⁶

The potential violations of Credit Suisse’s plea agreement identified by the Committee’s investigation are not isolated cases. In December 2019, Swiss Bank Coutts & Co. Ltd. (Coutts) paid a \$27.9-million penalty and admitted that it did not fulfill the terms of the non-prosecution agreement it signed as part of the Swiss Bank Program and “that it should have disclosed additional U.S.-related accounts to [DOJ] at the time of the signing of the non-prosecution agreement.”⁹⁷ Additionally, in April 2021, a federal grand jury indicted tax attorney Carlos Kepke for helping billionaire Robert Smith create and maintain offshore entities used to conceal more than \$225 million in capital gains income from the IRS.⁹⁸

The Committee firmly believes that Credit Suisse’s failure to comply with its plea agreement merits further scrutiny as part of DOJ’s efforts to investigate repeat violations of prior corporate misconduct.

Conclusion and Committee recommendations for action

The Committee’s report makes clear that certain wealthy Americans continue to use secret bank accounts in Switzerland and elsewhere to hide massive amounts of income from the U.S. government. These tax evaders frequently do so with the willing assistance of foreign financial institutions whose employees help them execute tax evasion schemes to conceal the existence of these accounts from the IRS.

The Committee believes the conduct of ultra-high net worth tax evaders at Credit Suisse and other banks in Switzerland just scratches the surface, and that properly funding the IRS is the single most important factor in stemming offshore tax evasion by wealthy tax cheats. The recently passed Inflation Reduction Act provides a historic increase in funding for the IRS to hire revenue agents and other professionals capable of conducting sophisticated audits of millionaires and billionaires and detecting tax evasion through the use of undeclared foreign bank accounts.

Many of the largest individual tax evasion schemes in U.S. history involve Swiss banks. DOJ and the IRS must step up investigations into the role of these banks and their employees in carrying out these schemes. Enforcement agencies should actively review whether banks like Credit Suisse that cut deals to avoid criminal prosecution are honoring the terms of their agreements. Sending the message that enabling of tax evasion by foreign financial institutions will result in real criminal prosecution will serve as a strong deterrent, result in more accountability, and encourage further voluntary disclosure of undeclared offshore accounts.

⁹⁶ *Id.*

⁹⁷ *Justice Department Announces Addendum to Swiss Bank Program Category 2 Non-Prosecution Agreement with Coutts & Co. Ltd.*, Department of Justice, Dec. 20, 2019, <https://www.justice.gov/opa/pr/justice-department-announces-addendum-swiss-bank-program-category-2-non-prosecution-agreeme-1>.

⁹⁸ *Tax Attorney Indicted for Facilitating Tax Fraud*, Department of Justice, Apr. 15, 2021, <https://www.justice.gov/opa/pr/tax-attorney-indicted-facilitating-tax-fraud>.

DOJ and the IRS have pledged to crack down on corporate fraud, particularly in situations involving repeat offenders. The conduct identified in the Committee’s report exemplifies such repeat offenses and raises serious questions as to whether several foreign financial institutions have violated the terms of their deferred or non-prosecution agreements.

Foreign banks and their employees are sophisticated actors that are well aware of their obligations to the U.S. government, as well as the tax reporting obligations of their clients. There is no excuse for the willful facilitation of tax evasion by trained professionals or turning a blind eye to large, undisclosed accounts held by American taxpayers. U.S. law explicitly requires foreign financial institutions to identify and report accounts belonging to U.S. persons, and imposes heightened due diligence standards for accounts valued at over \$1 million.

The Committee recommends the following actions in response to the findings of its investigation into Credit Suisse:

- **DOJ investigation of Credit Suisse’s compliance with its plea agreement.** DOJ should investigate whether Credit Suisse violated its plea agreement and determine whether any violations merit further criminal prosecution or additional financial penalties. In particular, DOJ should examine Credit Suisse’s compliance with the “leaver list” requirements established by Section II.D.2 of the Swiss Bank Program. This investigation should also examine whether senior bankers at Credit Suisse failed to report large undeclared accounts despite knowledge of clear U.S. indicia indicating an account holder’s status as a U.S. person.
- **DOJ and IRS CI investigation of conduct of former senior bankers at Credit Suisse.** DOJ and the IRS Criminal Investigation division should conduct an investigation into whether senior bankers at Credit Suisse helped conceal the Family’s accounts and determine whether they participated in a conspiracy to assist U.S. taxpayers in filing false tax returns. In particular, DOJ should examine the facts laid out in this report, including that the former Head of Private Banking for Latin America, Alexander Siegenthaler, was intimately involved in the Family’s accounts and traveled to the U.S. on several occasions to meet with the account holders. This review should investigate whether senior bankers at Credit Suisse were aware the account holders were U.S. persons.
- **DOJ and IRS CI should increase oversight of FBAR violations by taxpayers.** DOJ and IRS CI should increase oversight and enforcement of FBAR violations, focusing on violations by high-net worth individuals. The number of criminal FBAR investigations initiated by the IRS dropped from 24 in 2017 to just seven in 2021, and the Committee believes that with focused effort, the IRS could meet or exceed its 2017 FBAR investigations output. This should include hiring of additional revenue agents and criminal investigators capable of unpacking major cases involving large dollar amounts and sophisticated conduct that rise to the level of willful violations.

- **DOJ and IRS review of other large undeclared accounts being examined by Credit Suisse.** DOJ and the IRS should assess whether FBAR violations are discovered as part of Credit Suisse’s ongoing review of dozens of client relationships possessing large undeclared accounts with assets exceeding \$20 million. Credit Suisse has indicated to the Committee that it has identified 23 client relationships each with undeclared assets exceeding \$20 million. These accounts do not include accounts belonging to Horsky or the Family.
- **The IRS should send updated guidance to Swiss banks regarding the “reason to know” provisions of the U.S.–Switzerland FATCA agreement.** A provision in the U.S.–Switzerland FATCA intergovernmental agreement requires Swiss banks to identify and report U.S. accounts to the IRS when they have “reason to know” that the “self-certification or other documentation with an account is incorrect or unreliable.”⁹⁹ The IRS has previously indicated that these knowledge standards are vague and hard to enforce as currently written. The IRS should act quickly to issue situational guidance to Swiss banks clarifying the instances in which Swiss banks are expected to detect and report accounts held by U.S. persons, particularly situations involving high-net worth clients.
- **Use of Inflation Reduction Act funding for expedited processing of whistleblower claims.** The IRS should dedicate funding from the Inflation Reduction Act to increase the Whistleblower Office’s ability to quickly analyze and act on the information provided by whistleblowers, especially in major cases involving offshore tax evasion schemes. This may require closer coordination with the functional components at the IRS.
- **The IRS should consider relaunching the Offshore Voluntary Disclosure Program (OVDP) in conjunction with other enforcement actions.** The most recent OVDP was closed by the IRS on September 28, 2018 due to a decline in participation and the increased awareness of offshore tax and reporting obligations. As this investigation has demonstrated, the Committee believes there are many hidden offshore accounts belonging to high-net worth individuals that have not been properly reported to the IRS. The Committee believes that the decline in IRS enforcement personnel and audits in recent years has emboldened wealthy taxpayers to conceal income from the IRS. The IRS can send a clear message to noncompliant taxpayers that they have one final chance to report all of their income before the IRS uses resources from the Inflation Reduction Act to pursue aggressive enforcement actions against large undeclared offshore accounts.

⁹⁹ Annex I, Section IV, Paragraph E(3) of the Agreement between the United States of America and Switzerland for Cooperation to Facilitate the Implementation of FATCA, available online at <https://home.treasury.gov/system/files/131/FATCA-Agreement-Switzerland-2-14-2013.pdf>.

Appendix A

**Top failure to file foreign bank account registration (FBAR) cases in U.S.
history**

Top failure to file foreign bank account registration (FBAR) cases in U.S. history

Individual	Banks Implicated	Penalties	Value of Undeclared Accounts	Status of Criminal Case
Robert Brockman	Mirabaud Bank (Switzerland), Bermuda Commercial Bank (Switzerland), Banque Syz (Switzerland), Bank of N.T. Butterfield (Bermuda), Bank of Singapore, Barclays (Guernsey)	Undetermined	\$2 billion	A federal grand jury returned a 39-count indictment charging Brockman with tax evasion, wire fraud, money laundering, and other offenses. As Brockman is now deceased, the U.S. government is seeking to continue the case against defendant's estate. Brockman is alleged to have concealed over \$2 billion in income from the IRS in what remains the largest individual tax evasion case in U.S. history.
Dan Horsky	Credit Suisse (Switzerland)	\$100 million FBAR penalty	\$220 million	Horsky pleaded guilty and was sentenced to 7 months in prison. Horsky agreed to pay an FBAR penalty of \$100 million, \$13 million in taxes owed to IRS and a fine of \$250,000.
Robert Smith	Banque Bonhote (Switzerland), unnamed bank (BVI)	\$82 million FBAR penalty	\$200 million	Smith entered into a non-prosecution agreement with DOJ, which included an admission of involvement in a criminal tax evasion scheme and an agreement to cooperate in full with ongoing investigations. Smith agreed to pay \$56 million in taxes and penalties stemming from the unreported income and another \$82 million in FBAR penalties for concealment of offshore bank accounts. Smith also agreed to forgo \$182 million in charitable contribution deductions.
"The Family"	Credit Suisse (Switzerland), Bank Leumi (Israel), Andbank (Andorra), additional unknown banks in Switzerland	Undetermined	Nearly \$100 million	Unknown.
Mark Anthony Gyetvay	Coutts & Co. Ltd (Switzerland), Hyposwiss Private Bank (Switzerland)	Undetermined	\$93 million	A federal grand jury returned an indictment charging Gyetvay with defrauding the United States by not disclosing his substantial offshore assets, failing to report substantial income on his tax returns, failing to pay millions of dollars of taxes, and submitting a false offshore compliance filing with the IRS in an attempt to avoid substantial penalties and criminal prosecution.
Dr. Patricia Lynn Hough	UBS (Switzerland), additional unnamed foreign banks	\$15.5 million in restitution	\$60 million	Hough was sentenced to two years in prison and three years of supervised release for concealing approximately \$60 million in assets and income in offshore bank accounts at UBS and other foreign banks. Hough was also ordered to pay \$15.5 million in restitution and \$42,732.27 for the costs of prosecution. Hough was convicted by a jury on October 24, 2013.
Hyung Kwon Kim	Credit Suisse (Switzerland), UBS (Switzerland), Bank Hofmann (Switzerland)	\$14 million FBAR penalty	\$28 million	Kwon Kim pleaded guilty and was sentenced to six months in prison. Kwon Kim agreed to pay an FBAR penalty of \$14 million, a fine of \$100,000, and \$243,542 in restitution to the IRS.
Masud Sarshar	Bank Leumi (Israel), additional Israeli banks	\$18.2 million FBAR penalty, \$8.3 million in restitution	\$23.5 million	Sarshar was sentenced to 24 months in prison, with an additional three years of supervised release. Additionally, Sarshar was ordered to pay more than \$8.3 million in restitution to the IRS and agreed to pay an FBAR penalty of more than \$18.2 million.
Teymour Khoubian	Bank Leumi (Israel), Commerzbank AG (Germany)	\$7.6 million FBAR penalty, \$612,310 in restitution	\$20 million	Khoubian was sentenced to 21 months in prison. Khoubian was also ordered to pay \$612,310 in restitution to the IRS and an FBAR penalty of \$7.6 million, plus interest and penalties.

Appendix B

**Selected documents provided by Credit Suisse in relation to accounts held by
Dan Horsky**

Formalities Controls
kontrolliert Employee 0014

13 MRZ 2008

Employee 0014

Assets and income Declaration for US persons

Name of safekeeping account holder(s): Dan Horsley

Safekeeping account number(s): 0885-1196676-35-1
-35 131

In connection with US withholding tax and the holding of US securities or other securities through a US custodian, I, the safekeeping account holder, herewith declare that I am a US taxpayer.

In connection with US withholding and reporting regulations I have the following options:

- a) I shall provide the bank with a duly signed form W-9. I authorize the bank to deliver said form W-9 to the US custodian.

Place, date

Signature¹

Zurich, 5.3.08

Dan Horsley

or

- b) I do not authorize disclosure of my name and I am aware that the bank will not hold in safekeeping any such US securities that could produce reportable amounts within the meaning of section 2.43 of the QJ Agreement. I also understand and agree that the bank will not process orders for such US securities issued by myself or by any authorized representative. I further acknowledge that should, for any reason, such US securities still be purchased or deposited, the bank, in accordance with US regulations, must sell these securities and deduct the US Back-Up Withholding Tax of 31% (or the rate prevailing at the time of sale) from the proceeds.

Place, date

Signature¹

¹ only one position can be signed

To be completed by the Bank

Signature and stamp

CIF No. 0885-1196676-3

Product code: 09064

RM 25

0835-1246622-5

CSG-DC	06
BU-Code	0012
BKST	0893
Instr.	OU 0007


General Authorisation for internal transfers

I herewith authorise Credit Suisse to perform at its own discretion internal transfers between the accounts:

0835-1392228-3	A.S. Holdings Ltd
0835-921261-3	S.Y. Management Corporation
0835-14806-6	Horsky Holdings S.A.
0835-1246622-5	Horsky Dan

This authorisation remains in place until further notice.

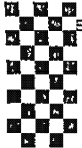
Zurich, 20.01.2011



Signature checked
and approved.

RM 27

2011112240107855,0659



Personal Info

2011022440106431.0645.0000

February 10, 2011

RM 27 and ARM 2

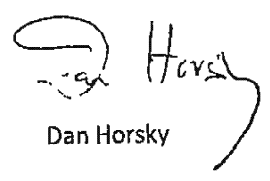
Fax: RM 27

Dear RM 27 and ARM 2

I would appreciate it if you could make the following payments. In each case the vendor, currency, and the amount are specified on this page while the exact bank account details are attached in a separate page. Originator should be noted to be Dan Horsky:

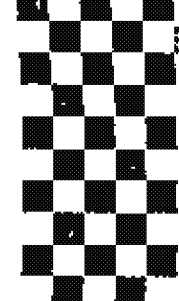
- ✓ 1. An amount of 41,550.00 EUROS to Sotheby's France. Mention that it is for Invoice # PF1028-lot 119.
- ✓ 2. An amount of 1,119.05 EUROS to Vulcan France (bank details not attached but appear on second page of an attachment which was emailed separately yesterday to ARM 2). Mention that it relates to Sotheby's PF1028- lot 119.
- ✓ 3. An amount of 60,000.00 EUROS to North Star Consolidated Ltd.
- ✓ 4. An amount of 7,044.00 US Dollars to Organ Tiroche Ltd. Mention that it relates to Gutman lot # 110.

Thank you for your help


 Dan Horsky

0835-1246622-5

CSG-DC	OM
BU-Code	0012
BKST	0893
Instr.	OU 0007



Personal Info

Dan Horsky
February 22, 2010

0835-1246622-5

Ms.
Credit Suisse
Fax

Dear

CSG-DC	10 11
BU-Code	0012
BKST	0893
Instr.	OU 0007

Please wire the following amounts from DH:

24,889.00 USD (twenty four thousand eight hundred eighty nine dollars) to Tiroche Tel Aviv as per the account details attached. You should mention that the payment is from Dan Horsky.

302,500.00 GBP (three hundred two thousand and five hundred pounds) to Christie's London as per the account details attached. You should mention that the payment is coming from Dan Horsky, Client # 611335, Invoice # DB 10100983, Sale # 7833.

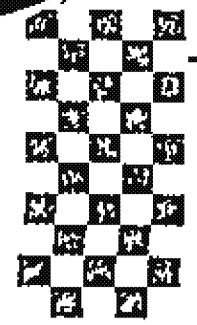
258,150.00 GBP (two hundred fifty eight thousand and hundred fifty pounds) to Sotheby's London as per the account details attached. You should mention that the payment is coming from Dan Horsky, Client #6068300, Invoices # 91895984 and 91895985, Sale# L10005.

Thank you for your help,

Dan Horsky

2010030940104360,0217,0000

2010030940104360,0217,0000



0835-1246622-5

Dan Horsky

27.4.2011

Tel Aviv, cell +972 Personal Info

April 26, 2011

RM 27

Fax RM 27

CSG-DC:	OU
BU-Code:	0012
BKST:	0893
Instr.:	OU 0007

Dear RM 27

I would appreciate it if you made the following payments. In all three cases additional information on the relevant account is given on a separate attached page:

1. An amount of 27,713.22 GBP to Sotheby's London. Mention that it is from Dan Horsky and relates to Lot 40 Sale L11160 and its shipment, Invoices # 92014188 and 92014022. ✓
2. An amount of 18,400.00 USD to Matsart Israel. Mention that it is from Dan Horsky for Lot 3 Invoice # MA00001226. ✓
S.Y.)
3. An amount of 124,321.00 to Person 5. Make sure to mention that it is from SY. ✓
\$

Thank you for your help,

Dan Horsky

Dan Horsky

CONFIRMED BY PHONE
 Date: 26.3.2011
 Person: D. Horsky
 RM 27

Signature checked and approved

RM 27

Message

From: [Redacted] RM 27
Sent: 19.01.2011 16:33:33
To: [Redacted] Legal & Compliance 8
CC: [Redacted] FLDS 6 [Redacted] RM 19
[Redacted] RM 19
Subject: RE: Potential US related case

Dear Ms [Redacted] Legal & Compliance 8

CSPA can do it. So in other words under the described client set up and the new policy it will be prohibited to maintain such a relationship under CS AG.

Provided securities trading is a need for this client and the client does not want to move to CSPA; Is it possible to get an exception and keep the client here and offer this service?

Best regards,

[Redacted] RM 27

From: [Redacted] Legal & Compliance 8
Sent: Wednesday, January 19, 2011 3:19 PM
To: [Redacted] RM 27 [Redacted] RM 19
Cc: [Redacted] FLDS 6
Subject: RE: Potential US related case

Depends ... I think they have the cross-border capability to take Israeli clients, but please check with [Redacted] Employee 0123 of CSPA (without mentioning any specific client details - CSPA is a subsidiary, not part of CS AG).

From: [Redacted] RM 27
Sent: Wednesday, January 19, 2011 3:16 PM
To: [Redacted] Legal & Compliance 8 [Redacted] RM 19
Cc: [Redacted] FLDS 6
Subject: RE: Potential US related case

Dear Ms [Redacted] Legal & Compliance 8

Thank you for your comments. But within CSPA it would be possible, also under the new version?

Best regards,

[Redacted] RM 27

From: [Redacted] Legal & Compliance 8
Sent: Wednesday, January 19, 2011 10:48 AM
To: [Redacted] RM 27 [Redacted] RM 19
Cc: [Redacted] FLDS 6
Subject: RE: Potential US related case

Dear Mr. [Redacted] RM 27

Please note that the new, revised version of policy P-00025 will be published shortly, including to reflect the US SEC's position in this respect (that US-domiciled persons cannot provide securities instructions with respect to the account of non-US clients).

Kind regards

[Redacted] Legal & Compliance 8

From: [Redacted] RM 27
Sent: Wednesday, January 19, 2011 9:54 AM
To: [Redacted] Legal & Compliance 8 [Redacted] RM 19
Cc: [Redacted] FLDS 6
Subject: RE: Potential US related case

Dear Ms. [Legal & Compliance 8],

Many thanks for your comments. There are still things which are unclear to me:

1. A director of the company is also a professor at the Rochester University in the US. How can we further evaluate his possible US status as defined in the appendix 1 taking into considerations his professional activity? As per appendix days present in the US as a teacher do not count. Can a professor be considered as a teacher or what are the exact criteria? How can we interpret "days present in the US"?

Since the director of the non-US company is a professor in Rochester, NY, it seems clear that he is also resident in NY and a "US Person" for purposes of US securities law. If so, this director is not allowed be "involved" in the relationship with the non-US company by means of a power of attorney or signatory power, unless we are talking here about a cash-account only relationship, with a safekeeping account block. Otherwise, the relationship has to go to CSPA.

The policy seems to be quite clear, that even a US PoA can be involved and can do securities trading:

<< OLE Object: Picture (Enhanced Metafile) >>

Best regards,

[RM 27]

From: [Legal & Compliance 8]
Sent: Thursday, January 13, 2011 6:18 PM
To: [RM 19]
Cc: [FLDS 6] [RM 27]
Subject: RE: Potential US related case

Dear Ms. [RM 19]

Please see my feedback below.

Kind regards

[Legal & Compliance 8]

From: [RM 19]
Sent: Thursday, January 13, 2011 4:58 PM
To: [Legal & Compliance 8]
Cc: [FLDS 6] [RM 27]
Subject: RE: Potential US related case

Dear Mrs. [Legal & Compliance 8]

The RM will meet his client on the 20th of January.
May I kindly ask you to look into this beforehand?

Thank you and kind regards,

[RM 19]

From: [RM 19]
Sent: Thursday, January 06, 2011 5:27 PM
To: [Legal & Compliance 8]
Cc: [FLDS 6] [RM 27]
Subject: Potential US related case

Dear Mrs. [Legal & Compliance 8]

May I kindly ask you to examine a potential US related relationship.

The client is an offshore company with domicile Saint Kitts and Nevis. The BO has domicile Israel.

1. A director of the company is also a professor at the Rochester University in the US. How can we further evaluate his possible US status as defined in the appendix 1 taking into considerations his professional activity? As per appendix days present in the US as a teacher do not count. Can a professor be considered as a teacher or what are the exact criteria? How can we interpret "days present in the US"?

Since the director of the non-US company is a professor in Rochester, NY, it seems clear that he is also resident in NY and a "US Person" for purposes of US securities law. If so, this director is not allowed be "involved" in the relationship with the non-US company by means of a power of attorney or signatory power, unless we are talking here about a cash-account only relationship, with a safekeeping account block. Otherwise, the relationship has to go to CSPA.

2. There was a BO change from the potential US-related person (director) - he seems to clearly be a "US Person" - to a not US-related person (current BO) at the start of 2008. How can this be assessed particularly with regard to the current US-projects? This seems rather critical - in particular if the US director is involved in the relationship. I would advise you to scrutinize this closely and obtain a plausible explanation as to why there was a BO change (possibly together with documentation, such as a transfer of ownership or sale agreement. If we have doubt, the relationship needs to go to CSPA (but may need to go to CSPA anyway, see 1. above).

3. How can such cases be assessed with regard to project FATCA? It is too early to assess for FATCA, the FATCA client identification rules are not yet defined.

Please note that P-00025 is being advised substantially, including in particular with respect to US-resident PoAs and signatories.

Some findings in regards to P-00025:

7.1: The director is not a US EAM nor a US professional fiduciary

4.2.: Currently, the communication channels used comply with this rule and no investment advice or solicitation is done as per definition

Appendix 4, 5.2.: We are currently compliant with this rule

Thank you for your support and kind regards,

RM 19

CREDIT SUISSE AG

RM 19

Talacker 16 / Bärenhof
P.O. Box
8001 Zürich
Switzerland

Phone RM 19
Fax

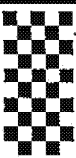
mailto: RM 19

www.credit-suisse.com

This message is for the named person's use only.

It may contain confidential, proprietary or legally privileged information. No confidentiality or privilege is waived or lost by any transmission errors. If you receive this message in error, please immediately delete it and all copies of it from your system, destroy any hard copies of it and notify the sender. You must not, directly or indirectly, use, disclose, distribute, print, or copy any part of this message if you are not the intended recipient. CREDIT SUISSE GROUP and each of its subsidiaries each reserve the right to intercept and monitor all e-mail communications through its networks if legally allowed. By using e-mail in the communication with CREDIT SUISSE, you signify your agreement with and understanding of the terms outlined in https://entry.credit-suisse.ch/csfs/p/pb/en/disclaimer/dis_email.jsp. For additional support please consult your local sales desk, your trading contact or Legal & Compliance.

Message transmission is not guaranteed to be secure.



2012011840108183,0582,0000

Dan Horsky

Tel Aviv , cell +972 [Personal Info]

January 6, 2012

[RM 27]

Fax: [RM 27]

Dear: [RM 27]

I would appreciate it if you made a payment of 109,000.00 (hundred and nine thousand) EURO to Christie's France SNC (see details on the enclosed page).

You should indicate that it originated from Dan Horsky and that it relates to invoice number Q147263/01.

Thank you for your help,

D. Horsky
Dan Horsky

CONFIRMED BY PHONE

Date: 6.1.12
Person: *D. Horsky*
[RM 27]

Signature checked

RM 27

0835-1746622-5
Dan Horsky

CSG-DC	<i>011</i>
BU-Code	0012
EKST	0896
Intr	[OU 0007]

Message

From: Senior Management 3
Sent: 15.05.2012 05:10:58
To: Senior Management 1
CC: Senior Management 18; Employee 0184
Subject: FW: Our phone call
Sensitivity: Private

Hi Senior Management 1

This is the relationship that is currently being examined in connection with US Nexus.

Regards,

Senior Management 3

From: TL 2
Sent: Thursday, May 10, 2012 7:40 PM
To: Senior Management 3
Subject: Re: Our phone call
Sensitivity: Private

Horsky
116 million

Have a nice evening

TL 2

From: Senior Management 3
To: TL 2
Sent: Thu May 10 19:27:10 2012
Subject: RE: Our phone call
Dear TL 2

Thanks! Could you please give me the name and AuM?

Thanks and KR

Senior Management 3

From: TL 2
Sent: Thursday, May 10, 2012 6:21 PM
To: Senior Management 3
Subject: FW: Our phone call

Dear Senior Management 3
The case I mentioned today is now with Mr. Legal & Compliance 21 for analysis
KR

TL 2

From: Legal & Compliance 19
Sent: Thursday, May 10, 2012 4:24 PM
To: TL 2

Message

From: Senior Management 3
Sent: 10.05.2012 17:22:01
To: Senior Management 1, Senior Management 18, Employee 0054
Subject: FW: Our phone call

Sensitivity: Private

Dear colleagues

This case came up this morning among the weeklies. I have asked [TL 2] to take it up with the colleagues involved. The relationship is worth around 100m, PoA with an individual who presumably lives in a country that we don't want. I keep you posted.

Regards,

Senior Management 3

From: TL 2
Sent: Thursday, May 10, 2012 6:21 PM
To: Senior Management 3
Subject: FW: Our phone call

Dear Senior Management 3

The case I mentioned today is now with Mr. Legal & Compliance 21 for analysis
KR

TL 2

From: Legal & Compliance 19
Sent: Thursday, May 10, 2012 4:24 PM
To: TL 2
Cc: Legal & Compliance 8
Subject: Our phone call

TL 2

Thank you for raising the matter we just discussed to my attention. Legal & Compliance 8 is the expert on these matters and I suggest you contact her directly.

Best, Legal & Compliance 19

Legal & Compliance 19

CREDIT SUISSE AG

CREDIT SUISSE | Legal & Compliance 19
Brandchenkestrasse 25 | 8070 Zurich | Switzerland
Phone: Legal & Compliance 19

Legal & Compliance 19

www.credit-suisse.com

Section 1a: Top Issues

- Israeli Gaza Offensive: situation is being monitored very closely. Travel advice and all necessary precautions have been communicated to all stakeholders within the Israel market.

Section 1b: Top Highlights

Client Info

Section 2a: NNA Achievement vs. Plan (in CHF m)

	Act. Week	Prev. Week	Act. YTD	Difference between NNA actuals and reported top flows overall CHF 11.0m due to all flows smaller than the threshold: FoF<10m: CHF 18.3m; CVNI <10m: CHF -7.3m
MG Israel	11.0	-10.6	-121.4	Note: repayment of two loans who will match with the correct value date the week after

Section 2b: Top NNA Flows (in CHF m): HNWI ≥CHF 10m; UHNWI ≥CHF 15m

Nothing to report this week.

Section 3a: Top 10 Clients (sorted by AuM)

Team / RM	Comments (activities in reporting week / next steps)	Client Name	Last meeting	AuM
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Client Info

RM 27	<p><u>Client Background:</u> BO is: Person Large parts of the assets derive from a strong performance of shares from a 1985 IT start-up company; deposited with us in 2000.</p> <p><u>Latest activities:</u> RM has weekly contact on performance.</p> <p><u>Next steps:</u> Changes in the account structure will be processed, we received new documents for the change in directorship which is currently in process. The client follows own investment strategy and we do not expect any changes.</p> <p>Hedging strategy (risk reversal) on large equity position offered but declined. Changes in account structure were completed. We will offer again a risk reversal on the equity position.</p>	BO: Person	Week 47	116.0
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Client Info

Message

From: Front Office Management 1
Sent: 05.04.2013 17:03:32
To: Front Office Support 5 Front Office Support 1
Subject: FW: Horsky

Fyi - sh.....

-----Original Message-----

From: TL 2
Sent: Friday, April 05, 2013 1:44 PM
To: Front Office Management 1
Subject: Re: Horsky

Approx USD 23m

Yes there's something amiss with [Small Lawyer] clients.
It's time

----- Original Message -----

From: Front Office Management 1
To: TL 2
Sent: Fri Apr 05 13:38:03 2013
Subject: RE: Horsky

Is also a [Small Lawyer] client by the way!!!

-----Original Message-----

From: TL 2
Sent: Friday, April 05, 2013 1:12 PM
To: Front Office Management 1
Cc: RM 27
Subject: Horsky

Dear Front Office Management 1

The money is unfortunately going out for donations and RE.

Originally wanted to take out 2\3.

Currently remaining like this, but we still have a great deal to check. The family is planning to take a fresh look at everything.

Kind regards

TL 2

Message

From: [redacted] TL 1
Sent: 06.09.2013 11:01:48
To: [redacted] Front Office Management 1
Subject: Re: Horsky/next steps

Ok

From: [redacted] Front Office Management 1
To: [redacted] TL 1
Sent: Fri Sep 06 12:58:24 2013
Subject: RE: Horsky/next steps
Please don't write/document these topics ...

From: [redacted] TL 1
Sent: Friday, September 06, 2013 12:51 PM
To: [redacted] Front Office Management 1
Subject: Fw: Horsky/next steps

Fyi

From: [redacted] TL 1
To: [redacted] TL 2 [redacted] RM 22
Sent: Fri Sep 06 12:20:20 2013
Subject: Horsky/next steps
Dear both

After the short discussion with [redacted] RM 22 I would suggest the following:

- 1) Check if BO change could be done in a compliant way (CS L&C)
- 2) Check informally if Alyah would be possible in this specific case (with external advisor, e.g. [redacted] Third Party 0228)
- 3) Check with [redacted] CS Trust 3 options on wealth structuring/planning
- 4) Organize 0.5-1 day program for next visit (Mandates, Structures, Asset Allocation, Trade Floor visit, etc.)

Where do we stand in terms of Premium Mandate Proposal?

Kindly inform me as soon as the CIF transfer took place.

Many thanks

[redacted] TL 1

[redacted] TL 1
CREDIT SUISSE AG
[redacted] TL 1
Talacker 16 / Bärenhof | 8070 Zürich | Switzerland
Phone [redacted] TL 1 Mobile [redacted] TL 1
[redacted] TL 1 | www.credit-suisse.com

Message

From: [Redacted] **RM 1**
Sent: 10.10.2013 07:25:18
To: [Redacted] **RM 22**
CC: [Redacted] **ARM 3**
Subject: [Redacted] **Person**

Hi [Redacted] **RM 22**

I've finally managed to speak to the FATCA people.
Unfortunately [Redacted] can only open the account when we either have the Certificate of Loss of Nationality or receive a signed W-9 and signed declaration to the IRS.

Of course, we could just open the account. But we then run the risk of Client-ID noticing that [Redacted] **Person** [Redacted] **Person** and thus actually has US nationality. Furthermore, [Redacted] **Person** has to specify on the safekeeping account form whether [Redacted] **Person**, and if [Redacted] **Person**, [Redacted] **Person** has to explain why [Redacted] **Person** no longer has US nationality despite [Redacted] **Person**. But then Client-ID will ask for the Certificate of Loss of Nationality again.

However:

[Redacted] **Person** could give us a copy of [Redacted] **Person** residence permit, as far as I know it doesn't show the place of birth. Although we only accept category [Redacted] **Person** residence permits.

[Redacted] **RM 1**
CREDIT SUISSE AG
CREDIT SUISSE [Redacted] **RM 1**
Talacker 16 / Bärenhof | 8070 Zurich | Switzerland
Phone: [Redacted] **RM 1** | Fax: [Redacted] **RM 1**
[Redacted] **RM 1** | www.credit-suisse.com

Message

From: [Person]
Sent: [Date] 13:05:09
To: [TL 2]
CC: [RM 22]
Subject: Re: US Citizenship Renounced

Thx [TL 2]

Hopefully this should also make CS now more relaxed....)

Best - [Person]

On [Date] at 14:37, [TL 2] wrote:

I just tried to reach you: Congratulation !!!!!
This is a big step for you and I know it was not easy at all
Hear you soon

[TL 2]

-----Original Message-----

From: [Person]
Sent: Tuesday, [Date] 2:33 PM
To: [TL 2] [RM 22]
Subject: US Citizenship Renounced

Attached is a conformation letter I got in the Embassy.

Best - [Person]

Message

From: CS Trust 3
Sent: 11.04.2014 12:30:28
To: RM 22
Subject: Offer
Importance: High

Dear: RM 22

Please accept my apologies that I can only inform you today of the offer for Person - unfortunately I was not in the office over the past few days.

For the two FGTs (foreign grantor trust and underlying company):

Set-up fee: USD 15,000 (per structure)

p.a.: 0.3% (depending on the volume of assets to be held in the trusts, a flat fee can also be agreed here).

Please let me know what the next steps are from here. As per the most recent client meeting, we have agreed that a call should possibly be held as a next step between the client, Person tax advisor, Person and me. The client would then look at the draft documents at the next meeting and sign them following the implementation of the relevant changes.

Thank you for letting me know and kind regards

CS Trust 3

CS Trust 3

CREDIT SUISSE TRUST AG

Credit Suisse Trust Banking | CS Trust 3

Bleicherweg 33 (HS) | 8070 Zurich | Switzerland

Phone: CS Trust 3

CS Trust 3 | www.credit-suisse.com

Message

From: Front Office Management 1
Sent: 29.09.2014 12:56:26
To: RM 22 TL 1
TL 1
Subject: RE: Risk-based Client Review: 0835-0014806-6

Ok – then all should be fine!

From: RM 22
Sent: Monday, September 29, 2014 1:01 PM
To: Front Office Management 1 TL 1
Subject: RE: Risk-based Client Review: 0835-0014806-6

There is absolutely no reason not to approve it!

From: Front Office Management 1
Sent: Montag, 29. September 2014 12:19
To: TL 1 RM 22
Subject: RE: Risk-based Client Review: 0835-0014806-6

Is there a risk that won't approve it?

From: TL 1
Sent: Monday, September 29, 2014 12:12 PM
To: RM 22
Cc: Front Office Management 1
Subject: FW: Risk-based Client Review: 0835-0014806-6

Hi RM 22, pls briefly inform Front Office Management 1 about the status of Horsky in yellow relationship review.

Many thanks

TL 1

TL 1

From: FLDS 2
Sent: Freitag, 26. September 2014 20:54
To: RM 22
Cc: TL 1 ARM 3 FLDS 1
Subject: RE: Risk-based Client Review: 0835-0014806-6

Dear RM 22

Thank you for the reply and your efforts. MA Head decision on the relationship will be communicated in the coming days.

Best regards,

Message

From: TL 1
Sent: 29.09.2014 10:11:45
To: RM 22
CC: Front Office Management 1
Subject: FW: Risk-based Client Review: 0835-0014806-6

Hi RM 22 pls briefly inform Front Office Management 1 about the status of Horsky in yellow relationship review.

Many thanks

TL 1

TL 1

From: FLDS 2
Sent: Freitag, 26. September 2014 20:54
To: RM 22
Cc: TL 1 ARM 3 FLDS 1
Subject: RE: Risk-based Client Review: 0835-0014806-6

Dear RM 22

Thank you for the reply and your efforts. MA Head decision on the relationship will be communicated in the coming days.

Best regards,

FLDS 2

FLDS 2

From: RM 22
Sent: Freitag, 5. September 2014 10:21
To: FLDS 2 FLDS 1
Cc: TL 1 ARM 3
Subject: RE: Risk-based Client Review: 0835-0014806-6

Dear FLDS 2

The initial amount was inherited from Person

Person

Person He invested his savings in equities that performed very well. The assets were generated by his professional activities and equity investments within about 60 years (Real Estate prices increased by several times from around 1960). USD 5 Mio. in form of QXL Shares which had been bought in 1995 by the advice of Dan Horsky who did know this field of Marketing and Internet very well.

Message

From: Employee 0108
Sent: 24.06.2015 16:32:00
To: Senior Management 10
CC: Employee 0058 Front Office Management 1
Front Office Management 1
Subject: FW: ODS-FW: FWPS _ Tel Aviv_June 30, 2015_Event hosted by Senior Management 10

Ciao Senior Management 10

I resend you the TOP 10 clients package since some enrichments have been provided.

Modified templates:

- Person and Dan Horsky

- Client Info

Password to follow.

Kind regards,

Employee 0108

Employee 0108

From: Employee 0108
Sent: Mittwoch, 24. Juni 2015 11:06
To: Employee 0108
Subject: ODS-FW: FWPS _ Tel Aviv_June 30, 2015_Event hosted by Senior Management 10

Ciao Senior Management 10

As per the email below and in the context of the "Family Wealth Preservation Series" taking place on June 30 in Tel Aviv, I am sending you the Top 10 guests that Front Office Management 1 has selected and would like to present you.

Password will follow.

Kind regards

Employee 0108

From: Employee 0073

Sent: Mittwoch, 13. Mai 2015 16:52

To: Employee 0231 Employee 0119 Employee 0232 Employee 0026
Employee 0165 Employee 0043 Employee 0056

Subject: New briefing form/process for events hosted by Senior Management 10

Dear team,

After hosting the White Turf event Senior Management 10 has raised an issue of host not being fully informed about the top prio guests at the event.

We finally had our discussion on Monday and agreed on the following process going forward

Step 1

Marketing

Finalize guest list

7-10 days before the event (earlier not possible due to high level of last minute changes)

Step 2

Marketing

Identify the "Chaperone" – a person who will be introducing the guests to the Host during the evening

Ditto

Step 3

Marketing

Request the respective MG Heads to identify top 10 guests (in total) who should be introduced to Senior Management 10 during the event – focus on strong business cases or guest of importance to the bank

NB: In case of seated dinner: request for all guests seated at the Host table

Ditto

Person & Dan Horsky

Language: E

- Guest Name: **Person** and Dan Horsky
- RM Name: **RM 22**
- Market Group: Israel
- Market Area: Northern & Eastern Europe

Summary/Key Messages

- Today CHF 220m AuM
- The initial amount of USD 5mio was inherited from **Person**
- **Person** The asset increase resulted from equity performances mainly by 1 equity. Started with OXL shs some 10yrs ago, the shares had a huge performance due to takeovers and mergers and eventually became the position in Naspers currently held with us.
- **Person** also has other assets deposited in Israeli banks plus two apartments in Tel Aviv.
- Breakdown of the assets:
 - - 85%: Financial Investments with CS
 - - 10%: invested in start-up companies
 - - 5%: Apartment and bankable assets in Israel.

Personal data

- Dan Horsky is a Professor (Marketing), **Person** is a **Person**

Business Relationships (cross-divisional) & Potential

- Interested in African Art and History (global)
- Very active in start-up company investments
- Total wealth: CHF 240m

Miscellaneous

- n/a

Message

From: **Front Office Management 1**
Sent: 06.11.2015 15:50:16
To: Legal & Compliance 3 TL 1
TL 1
CC: RM 22 ARM 3
ARM 3 Legal & Compliance 501
Subject: RE: US nexus

Yes ☑ this is super important ☑ I would like to have a perfect documentation in the frontnet about this!

Many thanks and kind regards

Front Office Management 1

Front Office Management 1

From: Legal & Compliance 3
Sent: Friday, November 06, 2015 1:47 PM
To: TL 1
CC: RM 22 Front Office Management 1 ARM 3 Legal & Compliance 501
Subject: RE: US nexus

Dear TL 1

Thank you for the clarification. Considering there is a W8BEN-E on file and the answers provided, we can close the case for now. However, please be aware of any changes of circumstances in the future and inform us accordingly.

If not yet done, please make a client note in FN with the questions and answers.

Kind regards,

Legal & Compliance 3

Legal & Compliance 3

From: TL 1
Sent: Thursday, November 05, 2015 4:03 PM
To: Legal & Compliance 3 OU 0087
CC: RM 22 Front Office Management 1 ARM 3 Legal & Compliance 501
Subject: RE: US nexus

Dear Legal & Compliance 3 pls see below in yellow.

Regards

TL 1

From: Legal & Compliance 3
Sent: Donnerstag, 5. November 2015 09:11
To: TL 1

Cc: RM 22 ARM 3 Front Office Management 1 Legal & Compliance 501

Subject: RE: US nexus

Dear TL 1

Thank you for your email.

I understand that Mr. Dan Horsky has no PoA or signatory power over this relationship anymore (since 2009) in that case no action is required. In order to make sure that there no other US indicia on the Account Holder, Beneficial Owner or PoA level I would kindly ask you to answer the following standard questions:

- Please clarify the following questions and copy into Client Notes in FrontNet (please follow up with a client, if necessary)
- Please send your feedback to the OU 0087

Red Flag: Other

1. How did you become aware of the Red Flag? KYC background check and ELAR check [Dan Horsky] is professor at a US University. His signatory rights on the account have been cancelled in 2009
2. Is this a new Red Flag, which is not already documented in FrontNet? Yes
3. Is this an old Red Flag, documented already in FrontNet? If yes, please specify the location and date. No
4. Is the account holder (AH)/Beneficial Owner (BO)/Beneficiary (BO) a US Citizen or Green Card holder? No
5. Where is the AH/ BO domiciled? AH: Dom. company domiciled in St Kitts and Nevis, BO: Israel
6. How many days per year does the AH/BO spend in the US? None
7. Can you reach the client usually on his non US-phone number/at his non-US address? No
8. Do you have any other indicia that the client spends more than 4 months per year in the US? No

Should you have any questions, please do not hesitate to call me directly or contact our team via OU 0087

Kind regards,

Legal & Compliance 3

From: TL 1

Sent: Friday, October 30, 2015 5:17 PM

To: Legal & Compliance 3

Cc: RM 22 ARM 3 Front Office Management 1 Legal & Compliance 501

Subject: US nexus

Dear Ms [Legal & Compliance 3]

I wanted to inform you about the following relationship:

CIF: 0835-14806-6

Background of family wealth: Mainly investment of family wealth of USD 5m in single Stock around 2000 [] soared in the meantime to USD 200m worth in 2015 (see KYC).

BO: [Person] (dom Israel/nationality Israel)

Director/Signatory: [Person] (dom [Non-US Country]/nationality [Non-US Country] born in the US but we have proof that US passport has been returned in [Person], see attached)

Dan Horsky ([Person] [Person] no involvement/signatory rights on the account): Place of birth UK/Nationality Israel. No indication of US passport but It seems that he's a professor/lecturer at a US University (see <http://www.simon.rochester.edu/faculty-and-research/faculty-directory/faculty-profile/index.aspx?Username=dan.horsky>). He had signatory rights on the account until 2009.

Regarding Dan Horsky, kindly let us know if there is any issue from the banks' perspective.

Thank you and kind regards

[TL 1]

[TL 1]

CREDIT SUISSE AG

[TL 1]

Talacker 16 / Bärenhof | 8070 Zürich | Switzerland

Phone: [TL 1]

Mobile: [TL 1]

[TL 1] | www.credit-suisse.com



Appendix C

Selected slides from Credit Suisse presentation on Horsky accounts

Horsky Overview

- ▶ Dan Horsky pleaded guilty in November 2016 to conspiring to conceal approximately \$200 million held in offshore accounts from U.S. tax authorities.
 - Horsky opened five accounts at Credit Suisse—two individual and three entity accounts—over the course of his scheme.
 - Horsky used shell companies, his triple citizenship, and non-U.S. person family members to obscure his status as a U.S. person and the true beneficial owners of the accounts in question at Credit Suisse.
 - Horsky carried out his scheme with the knowledge and participation of multiple Credit Suisse employees at the Israel Desk.
 - No evidence has been identified of C-suite knowledge that (1) Mr. Horsky's accounts were non-compliant U.S. accounts, or (2) the Israel Desk took action to conceal the accounts from U.S. authorities.

Source: See Horsky Plea Statement of Facts (November 4, 2016); Position of the US with Respect to Sentencing of Horsky (February 3, 2017)

Horsky Overview (Continued)

- ▶ Several remediation measures underway at Credit Suisse after the plea likely would have identified the still-open accounts as non-compliant, including:
 - A post-plea remediation exercise that placed the accounts in a pool of accounts for further review (late 2014-2015);
 - The NYDFS-selected monitor's own reviews (2015);
 - FATCA compliance efforts (2015-2016); and
 - Israeli tax compliance efforts (2014-2016).

- ▶ In April 2015, while many of these efforts were underway, DOJ contacted Credit Suisse regarding the Horsky relationship and requested that the bank wait to investigate further.

Horsky Accounts

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

01/12/2000

10/04/2017



Horsky Holdings S.A.
(0835-0014806-6)

09/21/2005

06/03/2016



S.Y. Management Corporation
(0835-0921261-3)

03/05/2008

04/15/2009



DH

(0835-1196676-3)

Upper flag = Nationality
Lower Flag = Domicile

All nationality/domicile information according to Credit Suisse's system based on account holder level

04/29/2008

07/25/2012



DAN

(0835-1246622-5)

04/12/2009

08/06/2016

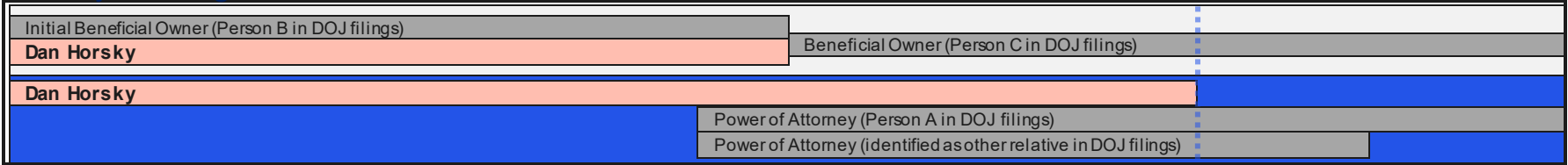


A.S. Holdings
(0835-1392228-3)

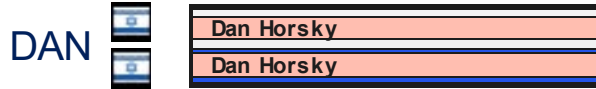
Horsky Signatory Authority Changes

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016

Horsky Holdings S.A.



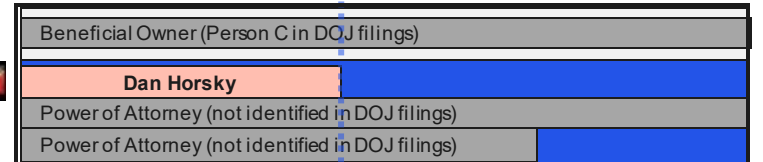
S.Y. Management Corporation



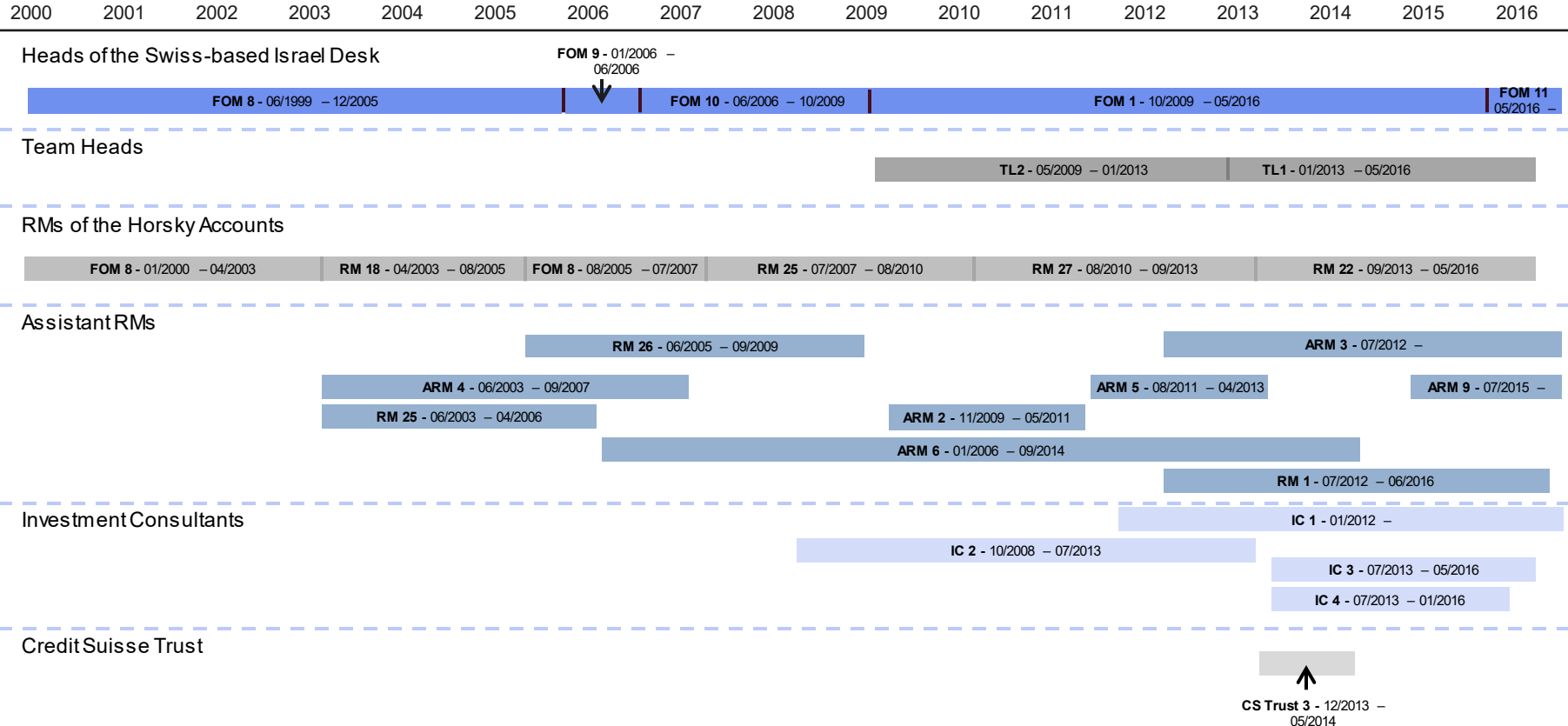
By **September 21, 2012**, Dan Horsky was no longer beneficial owner and/or power of attorney holder for any accounts.

BO = Beneficial Owner
PoA = Power of Attorney

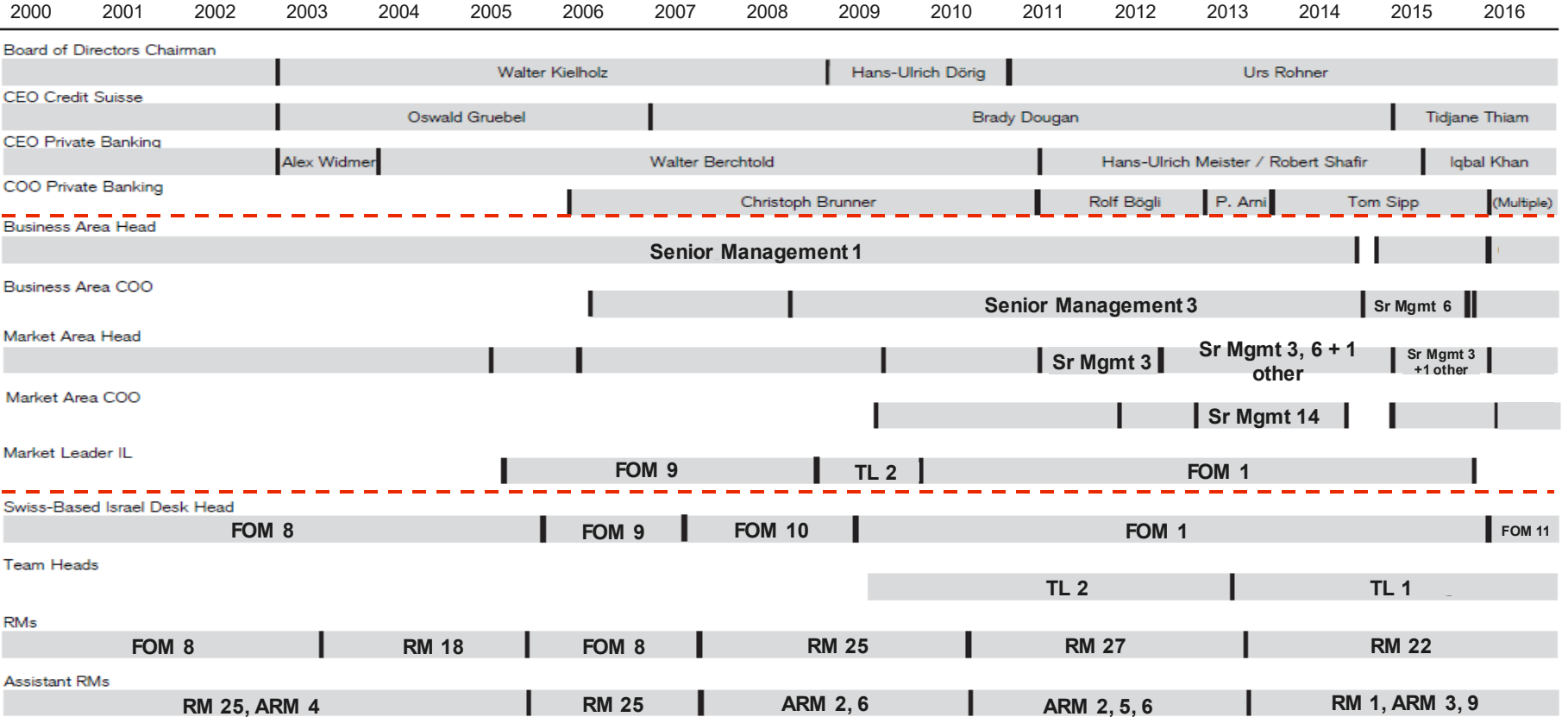
A.S. Holdings



Horsky Account Administration over Time



Leadership Structure



Efforts to Conceal U.S. Connections

- ▶ With the involvement of the Israel Desk, Horsky employed several techniques to conceal his U.S. connections, including:
 - Exclusion or removal of U.S. connections from Horsky account files
 - Documenting Horsky as an Israeli citizen and resident
 - Using another person as a nominal beneficial owner of the entity accounts
 - Removing Horsky's power of attorney, while allowing his continued control over the accounts
 - Helping a related individual renounce U.S. citizenship
 - Selective disclosures to control functions and in-account documentation by Israel Desk personnel
 - Failure to follow up on direction from U.S. Legal & Compliance
 - Manipulation of risk-based client review process
 - Instructing employees not to memorialize concerns in writing
 - Omissions in response to remediation efforts and requests from Business Risk Management
 - Inaccurate and incomplete red flag reports

Employee Discipline

Employee	Employment Status
FOM 1	Terminated
TL 2	Terminated
RM 1	Terminated
RM 22	Terminated
TL 1	Severe Discipline
RM 25	Voluntary Departure
RM 27	Voluntary Departure