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Guilty Plea By Credit Suisse Banker Could Blow The Lid Off

Credit Suisse was pilloried by the [Senate Permanent Subcommittee on Investigations](#) for allegedly helping [22,000 Americans hide up to \\$10 billion](#) from the IRS. Now, the first of seven of its indicted Swiss bankers has [plead guilty](#) to conspiring to defraud the IRS. [Andreas Bachmann](#), 56, of Switzerland, [took a plea](#) and claims bank execs knew all about it.

It portends tougher times for a bank that so far suggests there were a few rogue bankers. In 2011, Mr. Bachmann and seven other Credit Suisse bankers were indicted for conspiring to hide billions for rich Americans. But the overseas bankers were beyond U.S. law enforcement, which was good for them and good for Credit Suisse.

On February 26, 2014, Credit Suisse got a shellacking, although [CEO Brady Dougan did damage control](#). He testified that a small group of Swiss-based bankers appear to have broken U.S. law and fooled top managers. Mr. Dougan decried the rogue conduct, but his bank may soon be asked to explain Mr. Bachmann's view of the facts.



(Photo credit: dale.n)

Mr. Bachmann was charged in a one-count [superseding indictment](#) on July 21, 2011, and faces a maximum penalty of five years in prison. His [statement of facts](#) is a must-read. Although he has not yet been sentenced, he likely will receive a reduce one in return for his cooperation.

Mr. Bachmann says he engaged in a wide-ranging conspiracy to assist Americans to evade taxes between 1994 and 2006. He oversaw 25 to 30 clients of a Credit Suisse subsidiary and traveled twice a year to the U.S. Executives knew it, including the head of his subsidiary's private bank in Zurich, he claims.

The top executive at the subsidiary **knew** Bachmann was violating U.S. law, and according to Mr. Bachmann, essentially said, "don't get caught." Bachmann freely accepted cash for deposit and gave cash withdrawals to Americans, he says. He would even take cash from one and give it to another American account holder.

In 2001, Mr. Bachmann once accepted \$50,000 in cash from a customer in New York bound for another in Florida. Bachmann was caught with the cash by airport officials in New York. They let him keep it, but when the client in

Florida got cold feet, Mr. Bachmann took the cash back to Switzerland. [Execs knew all about it](#), he claims.

Mr. Bachmann knew of nominee tax haven entities and structures and often helped facilitate setting them up. And Mr. Bachmann is naming names. In 2001, Credit Suisse signed an IRS agreement to withhold taxes from accounts held by Americans and prohibit them from holding U.S. investments. While there were weak missives not to talk about U.S. securities with U.S. customers, it all continued, Mr. Bachmann claims. And everyone knew it.

Credit Suisse is one of 14 Swiss banks still under criminal investigation by the U.S. Although UBS took its medicine, and paid \$780 million, [Wegelin](#) wasn't so lucky. [Bank Frey](#) closed voluntarily. And while Credit Suisse still seems unlikely to be indicted, whatever deal the big bank makes with the U.S. is likely to be big, embarrassing, and very expensive.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.