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IRS Hunts Belize Accounts, Issues John Doe Summons To Citibank, BofA

A federal judge [issued an order](#) allowing the IRS to serve a John Doe summons to reveal Americans with offshore accounts in Belize. Targets are Belize Bank International Limited (BBIL) and Belize Bank Limited (BBL). The IRS wants to know who has accounts at BBIL, BBL, and others. But the order [entitles](#) the IRS to get records of correspondent accounts at Bank of America and Citibank.

BBL, BBIL, and Belize Corporate Services (BCS)—which sells off the shelf companies—are based in Belize. But the John Doe summonses direct Citibank and BofA to produce records identifying U.S. taxpayers with accounts at BBL, BBIL, and affiliates, including correspondent accounts to service U.S. clients. Transactions in correspondent accounts leave trails the IRS can follow. The IRS obtains records of money deposited, paid out through checks, and moved through the correspondent account through wire transfers.



(Photo Credit: Craig Warga/Bloomberg)

The IRS already knows about these entities from the IRS offshore disclosure program, OVDP. And now the IRS can ferret out depositors who didn't step forward. It shows the push me pull you of the many ways the government has of gaining secret bank records. Whistleblowers, cooperating witnesses, the [OVDP](#) treasure trove of data and more. A John Doe summons to UBS AG produced records on the now defunct Swiss bank Wegelin & Co.'s correspondent account at UBS.

A John Doe summons to Wells Fargo sought records of the Barbados-based Canadian Imperial Bank of Commerce FirstCaribbean International Bank. The government has it down to a science. Remember, coupled with a key whistleblower, in 2008, a [John Doe summons](#) blew the lid off the hushed world of Swiss banking. A judge allowed the IRS to [issue a John Doe summons to UBS](#) for information about U.S. taxpayers using Swiss accounts. That eventually led to Americans scrambling for cover and UBS forking over names and a \$780 million penalty.

With a normal summons, the IRS seeks information about a *specific* taxpayer whose identity it knows. In contrast, a John Doe summons allows the IRS to get the names of *all taxpayers* in a certain group. The IRS needs a judge to approve it, but these IRS successes could lead to more. A John Doe summons is ideal for pursuing account holders at a financial institution. After

sniffing out American taxpayers with UBS accounts, the IRS did the same with HSBC in India.

The IRS uses John Doe summonses when it doesn't know the identities of the suspected culprits. And while it will take the IRS time to collate and process it, you can bet the IRS will put the information it acquires to good use. At the same time, the IRS is pointing to the [OVDP](#). The IRS warns U.S. taxpayers to come forward before it's too late.

In fact, the IRS notes that one person's disclosure often reveals data about someone else. The IRS banks on a combination of information sources. The IRS has a vast data bank of details and names from over fifty thousand voluntary disclosures. The IRS and Department of Justice also mine their cooperating witnesses, often with a combination of carrot and stick. In some cases, the government prosecutes, and in others it grants immunity. The John Doe summons fits nicely into the government's arsenal of information gathering tools. These days, that mountain of data the IRS is collecting could be as big as the Matterhorn.

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