



Robert W. Wood

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U.S. And Swiss Reach Deal On Evaders---More Guilty Pleas Over Offshore Accounts

As the [U.S. and Swiss Reach a Deal on American Tax Evaders](#), the IRS hunt for offshore income and accounts continues unabated. In fact, it's intensifying. See [Liechtenstein Bank Pays \\$23.8M To IRS For Helping Americans Evade Taxes](#). For those who don't come forward before they are found, being found can be awfully painful. See [IRS 'Amnesty'...But Prosecuted Anyway?](#)



Prison Could Be Next

A case in point is Henry Seggerman of New York, who entered a guilty plea to charges that he and his family schemed to hide inherited assets. See [Seggerman Pleads Guilty in Family Tax Evasion Conspiracy](#). According to prosecutors, Seggerman and his siblings inherited the money and the fraudulent set-up, but then they continued it. Henry is the son of Harry Seggerman, a prominent New Yorker who died in 2001 with an estate worth over \$24 million. Over half was in undeclared foreign accounts.

Working with a lawyer, the senior Mr. Seggerman had arranged for \$12 million to be left to his wife and five children, including Henry, after his death. A [lawyer](#)—more about him below—allegedly helped the family transition the wealth. Henry signed a federal estate tax return fraudulently

failing to report over \$5 million left to the decedent's wife and over \$7.5 million split among five children.

The lawyer thereafter helped Suzanne Seggerman, Yvonne Seggerman, and Edmund Seggerman open Swiss accounts to stash the money left them by their father. Henry helped his brother transfer funds to a foundation account, filtering funds to the brother. Money transfers were booked as loans.

Henry Seggerman's plea was to one count of conspiracy to defraud the United States, one count of subscribing to a false and fraudulent estate tax return, and one count of aiding and assisting in the preparation of false tax returns for his brother. He faces a total maximum sentence of 11 years in prison. Suzanne Seggerman, Yvonne Seggerman, and Edmund Seggerman previously pled guilty to one count of conspiracy to defraud the United States and two counts of subscribing to false and fraudulent tax returns. Each faces a maximum sentence of 11 years.

The advisers aren't home free either, and that may be the most notable trend to note. It's clear the IRS and prosecutors are looking more and more to advisers. See [Offshore-Adviser Plea Marks a Shift in Tax Crackdown](#). The British lawyer who helped the Seggermans, [Michael Little](#), was arrested at JFK. His alleged crime was helping them hide the money in Swiss accounts. See [British Lawyer Nabbed at JFK For Helping Americans Hide Swiss Accounts](#).

[Mr. Little](#) was arrested on charges that he participated in an 11-year tax fraud scheme. He entered a not guilty plea. Although Little resides in England, he is licensed to practice in New York.

After Harry Seggerman's death in 2001, Little allegedly met the family at a New York hotel. Little advised them about the money and how to hide it from the IRS. He allegedly suggested ways to send money to the U.S. without alerting the IRS using travelers checks, art and jewelry. With code words befitting [Jason Bourne](#) they used these terms:

- "FDA" was the IRS;
- "Beef" was money;
- "Lbs" was units of \$1,000;
- "Small" was Michael Little;
- "Moxly" was the Swiss lawyer;

- “Leaky” was the Seggerman Family matriarch;
- “BG” was a New Jersey accountant;
- “Rusty nail” was a trust; and
- A “Refrigerator” was an account to hold or transfer funds.

There are probably many other cases in the works. The IRS now has many sources of information. See [Offshore Finance Leak Exposes Millions Stashing Money, Maybe You Too?](#) What’s more, with the unveiling of [FATCA](#), the Foreign Account Tax Compliance Act, there’s no question that even more data is on the way. See [More Bad News For FATCA](#).

And as for the long-awaited deal between the U.S. and Switzerland, that too is momentous. Of course, the 14 Swiss banks under investigation aren’t part of the pending U.S.-Swiss deal. Even so, under a plan expected soon from the Justice Department, they too may soon be able to end their woes with the U.S. See [U.S., some Swiss banks near tax probe deal](#).

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.