



Department of Justice

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JURY FINDS MIAMI MAN OWES CIVIL PENALTIES FOR FAILING TO REPORT SWISS BANK ACCOUNT

WASHINGTON – Today, a jury in Miami found Carl R. Zwerner responsible for civil penalties for willfully failing to file required Reports of Foreign Bank and Financial Accounts (FBARs) for tax years 2004 through 2006 with respect to a secret Swiss bank account he controlled. According to evidence introduced at trial, the balance of the bank account during each of the years at issue exceeded \$1.4 million, and the jury found Zwerner should be liable for penalties for 2004 through 2006. Zwerner faces a maximum 50 percent penalty of the balance in his unreported bank account for each of the three years. The jury found that Zwerner’s failure to report the account was not willful for 2007, and the court will determine the final amount of the judgment after further proceedings in June 2014.

“As this jury verdict shows, the cost of not coming forward and fully disclosing a secret offshore bank account to the IRS can be quite high,” said Assistant Attorney General Kathryn Keneally for the Justice Department’s Tax Division. “Those who still think they can hide their assets offshore need to rethink their strategy.”

U.S. citizens who have an interest in, or signature authority over, a financial account are required to disclose the existence of such account on Schedule B, Part III of their individual income tax return. Additionally, U.S. citizens must file an FBAR with the U.S. Treasury disclosing any financial account in a foreign country with assets in excess of \$10,000 in which they have a financial interest, or over which they have signatory or other authority. Those who willfully fail to file their FBARs on a timely basis, due on or before June 30 of the following year, can be assessed a penalty of up to 50 percent of the balance in the unreported bank account for each year they fail to file a required FBAR.

The evidence at trial showed that Zwerner opened an account in Switzerland in the 1960s, which he maintained in the name of two different foundations he created. Zwerner was able to use the proceeds of the account whenever he wanted and used it for personal expenses, including European vacations. Even though he filled out a tax organizer provided by his accountant, every year, Zwerner answered “no” to questions asking whether “you have an interest in or signature authority over a financial account in a foreign country, such as a bank account, securities account or other financial account” and whether “you have any foreign income or pay any foreign taxes.”

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