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Credit Suisse In Justice Department Crosshairs

Let's see, first there was UBS. Then [HSBC](#). Now it's [Credit Suisse's](#) turn with the IRS and federal prosecutors. See [Credit Suisse Is 'Target' of Inquiry](#). Foreign financial institutions are probably all hoping they won't join this elite list.

In fact, it is frightening to think that this big Swiss bank could face criminal charges. As big an issue as this is, though, people who have been watching developments since the UBS case are hardly surprised. In fact, it's been clear for some time that Credit Suisse has been dealing with this, including responding to U.S. requests for information, including subpoenas.

Credit Suisse has the advantage of having watched the situation with UBS play out. UBS was a kind of unhappy pioneer. As with UBS, the investigation of Credit Suisse concerns historical private banking services provided on a cross-border basis to U.S. persons. As part of this process, on July 14, 2011, Credit Suisse received a letter notifying it that it is a target of the Justice Department investigation.

A target letter is a big deal. It probably means that a considerable level of investigation has already been done and further criminal investigation is warranted. See [Internal Revenue Manual, Part 9](#). Of course, even before this stage a well-advised taxpayer proceeds with caution even in [interviews](#).

Credit Suisse is unlikely to be the only institution in the IRS's sights. It has been reported that U.S. authorities are conducting a broader industry inquiry. Credit Suisse points out that it has obligations under Swiss law, and those are not small. Credit Suisse says it will continue to cooperate with the U.S. authorities, subject to those rules.

But just what does Swiss law provide? For generations, Swiss bankers have prided themselves and their industry on discretion and secrecy. Secrecy was historically so tight that if a bank employee breached it, he or she would be criminally prosecuted under [Swiss law](#).

But now the tables seem to be turning if not already turned. In fact, there has been a Swiss court proceeding to determine if UBS's disclosure of account holder names in 2009 was legal. On July 15, a Swiss court [ruled](#) that it was. See [Swiss court says was right to give U.S. bank data](#).

In any case, the pressure on Credit Suisse is palpable. In 2011, the U.S. has already [indicted](#) several current and former Credit Suisse bankers. See [Credit Suisse Banker Helped Cheat IRS While at UBS](#). Curiously, some of the information enabling the Justice Department and IRS to pursue Credit Suisse and other banks comes from U.S. account holders themselves. The [2011 OVDI](#) is still netting U.S. account holders trying to come clean under the IRS amnesty policy. That ladder formally goes up August 31, 2011, although it's possible to ask the IRS for permission to extend the deadline for some materials until November 29, 2011. See [It's Not Too Late For IRS Amnesty](#).

For more, see:

[Can A Prosecutor Make You Cough Up Your Offshore Account?](#)

[Swiss Court Backs Regulator Over Handover of UBS Data To US](#)

[Credit Suisse Is Target of U.S. Justice Probe of Private-Banking Services](#)

[U.S. weighs Credit Suisse tax evasion charges-sources](#)

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