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Judge Gives IRS Access To More Accounts At UBS And Wegelin

Just when it seemed as if every Swiss bank account was out in the open, the IRS is on the scent again. A federal judge has approved a John Doe Summons on UBS for secret account data about Wegelin & Co, the indicted and doomed Swiss bank. That means more names of more account holders. See [With Indictments, IRS Will Get More Data From Swiss.](#)



U.S. District Judge William H. Pauley III in New York ruled that the IRS can demand information from UBS about U.S. clients of Wegelin. After all, Wegelin already pleaded guilty to conspiring to help cheat the IRS and to hiding more than \$1.2 billion. The IRS brought down the oldest Swiss bank with a guilty plea despite the fact that Wegelin has no U.S. offices and no U.S. presence. That by itself was a powerhouse feat. See [FATCA Cliff: Tax Evasion Guilty Plea And Death For Oldest Swiss Bank.](#)

Now, the other shoe has landed with a coveted John Doe Summons that will surely turn up records showing U.S. authorities who held assets at Wegelin and other Swiss institutions using the UBS account. With a

normal summons, the IRS seeks information about a **specific** taxpayer whose identity it knows. A John Doe summons allows the IRS to get the names of **all** taxpayers in a certain group.

It's like fishing with a net and the IRS needs a judge to approve it. It was a [John Doe summons](#) that blew the lid off Swiss banking in 2008. A judge allowed the IRS to [issue a John Doe summons to UBS](#) for information about U.S. taxpayers using Swiss accounts. Swiss law prohibits banks from revealing the identity of account holders, but the rest is history.

After sniffing out American taxpayers with UBS accounts, the IRS did the same with HSBC in India. See [Can Foreign Account Nondisclosure Be A Conspiracy?](#) Now, with another round of names coming, the UBS mess comes full circle. The fact that the Wegelin names will come via UBS may seem ironic. After all, when UBS was under scrutiny, many Americans moved accounts from UBS to the lower profile and more decidedly Swiss Wegelin. With no offices anywhere outside Switzerland, Wegelin was perfectly discreet.

But that was then. Wegelin is now convicted and closing. That may be the last chapter for Wegelin but not for the Swiss banking debacle. More disclosures and more prosecutions seem certain.

In the meantime, this goes down as another big IRS victory. It seems likely to produce more account holders, some of whom may have been fence sitting about voluntary disclosures. If there's any lesson here, it may be that the fence is getting narrower and sharper.

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