

EUROPEAN AND ISRAELI BANKS TARGETED FOR AIDING U.S. TAX EVADERS

After an enormously successful tax evasion investigation into Swiss bank UBS AG, the United States Justice Department and Swiss banking officials are close to concluding settlement discussions with numerous Swiss banks accused of aiding American tax evaders, including Credit Suisse Group AG. As a result of these settlements, Swiss banks targeted by the Justice Department will likely agree to large monetary settlements and the further disclosure of the names of U.S. citizens with undeclared offshore accounts to the IRS. It is estimated that between Five Thousand and Ten Thousand Swiss accounts will ultimately be released.

Coming off its success in Switzerland, the United States has now expanded its tax evasion inquiries to include banks throughout Europe and Israel, including Israeli banks Bank Leumi Le-Israel BM, Bank Hapoalim BM, and Mizrahi-Tefahot Bank Ltd.

U.S. officials first opened inquiries into Israeli banks after obtaining U.S. account holder information from UBS AG, Credit Suisse and other Swiss banks, indicating that Israeli banks had aided U.S. tax evaders through their Swiss branches. While the inquiries are still in their early stages, a probe of European and Israeli banks will likely produce a result similar to that of the Swiss banking investigations, namely the disclosure by Israeli banks of numerous U.S. citizen account holders to the IRS and a substantial monetary fine imposed upon the banks.

As of yet, the IRS and Justice Department have not disclosed if they will offer a program similar to the 2011 Offshore Voluntary Disclosure Initiative, offered to American offshore account holders throughout the Swiss banking investigations. Such a program would encourage taxpayers with unreported offshore bank accounts to come forward and avoid severe monetary penalties and possible criminal prosecution.

Our Firm is intimately involved in monitoring these events and will continue to provide you with pertinent updates as more information becomes available. If you have any questions about the matters covered in this Client Alert, or wish to schedule a private consultation, please call Terrence A. Oved, Esq. of Oved & Oved LLP by telephone at 212.226.2376 or contact by email at terry@ovedlaw.com.

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