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JUSTICE NEWS

### Attorney General Eric Holder Announces Guilty Plea in Credit Suisse Offshore Tax Evasion Case

Washington, D.C. ~ Monday, May 19, 2014

Good afternoon – and thank you all for being here. I am joined today by Deputy Attorney General Jim Cole; Assistant Attorney General for the Tax Division Kathryn Keneally; U.S. Attorney Dana Boente, from the Eastern District of Virginia; and Commissioner John Koskinen of the Internal Revenue Service. We are here to announce a major step forward in our ongoing effort to protect the American people from financial misconduct – and to hold accountable any individual, bank, or other institution that violates our laws and abuses the public trust.

Today, the Department of Justice filed a criminal information against Credit Suisse AG – a bank that is one of the largest wealth managers in the world. In the course of our painstaking, years-long investigation, the Department discovered that Credit Suisse and its subsidiaries engaged in an extensive and wide-ranging conspiracy to help U.S. taxpayers evade taxes. The bank actively helped its account holders to deceive the IRS by concealing assets and income in illegal, undeclared bank accounts. These secret offshore accounts were held in the names of sham entities and foundations. This conspiracy spanned decades. In the case of at least one wholly-owned subsidiary, the practice of using sham entities to conceal funds began more than a century ago. Credit Suisse not only knew about this illegal, cross-border banking activity; they willfully aided and abetted it. Hundreds of Credit Suisse employees, including at the manager level, conspired to help tax cheats dodge U.S. taxes.

In the course of these activities, Credit Suisse deceived the IRS, the Federal Reserve, the Securities and Exchange Commission, and the Department of Justice. The bank went to elaborate lengths to shield itself, its employees, and the tax cheats it served from accountability for their criminal actions. They subverted disclosure requirements, destroyed bank records, and concealed transactions involving undeclared accounts by limiting withdrawal amounts and using offshore credit and debit cards to repatriate funds. They failed to take even the most basic steps to ensure compliance with tax laws. And when the bank finally began to feel pressure to correct illegal practices and comply with the law – as a result of the Justice Department's investigation, of which they were notified in 2010 – Credit Suisse failed to retain key documents, allowed evidence to be lost or destroyed, and conducted a shamefully inadequate internal inquiry.

Today, I can announce that Credit Suisse has agreed to plead guilty to criminal charges related to this pervasive illegal activity. This is the largest bank to plead guilty in 20 years. The bank will pay a total of \$1.8 billion in the form of a fine of over \$1.13 billion and nearly \$670 million in restitution to the IRS. They have admitted criminal wrongdoing in a detailed Statement of Facts filed alongside the information in this case. And they have stopped these activities, fundamentally changed their business operations, and agreed to provide critical information that will aid in our enforcement efforts – so the bank can move forward in full compliance with the law.

This plea agreement caps a years-long investigation that has already led to law enforcement actions with respect to several individual employees Credit Suisse. Since 2011, the Department has indicted eight employees at the bank, including some at the manager level; two of these have so far pleaded guilty.

This announcement should send a firm and unequivocal message to anyone who would engage in dishonest or illegal financial activity that the Justice Department does not, and we will not, tolerate such activities. When a bank engages in misconduct this brazen, it should expect that the Justice Department will pursue criminal prosecution to the fullest extent possible, as has happened here.

This case shows that no financial institution, no matter its size or global reach, is above the law. When the Department of Justice conducts investigations, we will always follow the law and the facts wherever they lead. We will never hesitate to criminally sanction *any* company or individual that breaks the law. A company's profitability or market share can never and will never be used as a shield from prosecution or penalty. And this action should put that misguided notion definitively to rest.

This resolution, and today's announcement, were conducted in close coordination with the bank's financial regulators – in this case, the Board of Governors of the Federal Reserve, which today announced a \$100 million penalty; the New York State Department of Financial Services,



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which announced a resolution totaling \$715 million; and the SEC, to which Credit Suisse paid \$196 million this past February.

Because criminal charges involving a financial institution have the potential to trigger serious follow-on actions by regulatory agencies, this coordination was imperative. As the regulators have conveyed this afternoon, notwithstanding this plea agreement, the bank will move forward. And although I cannot comment on, or specify the targets of, other ongoing investigations, I am confident that this robust cooperation will serve us well in the weeks and months ahead.

I'd like to thank everyone who made today's announcement possible – particularly Assistant Attorney General Keneally, her colleagues in the Tax Division, and U.S. Attorney Boente and his colleagues in the Eastern District of Virginia. Thank you for your tireless work on this important matter. At this time it's my privilege to introduce Deputy Attorney General James Cole, who will provide additional details on today's announcement.



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