

The United States Program for Swiss Banks

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The UBS case was followed by investigations of other Swiss banks by the American Department of Justice. In 2012, the Department indicted Wegelin & Co., the oldest Swiss private bank, founded in St Gallen in 1741, for conspiracy to help American clients evade taxes. Wegelin had accepted American clients who left UBS after the UBS case. In January 2013, Wegelin pleaded guilty, paid about fifty-eight million dollars and ceased operations.¹ The end of the oldest Swiss bank showed that the American authorities were prepared to prosecute Swiss banks to the end.

To resolve the past of the Swiss banks collectively, Switzerland and the United States agreed in August 2013 on a programme for Swiss banks, the Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks. The programme divided the Swiss banks into categories. Banks already under investigation, in category 1, were excluded from the programme and had to negotiate individually. Banks that had reason to believe they had violated American law, in category 2, could obtain a non-prosecution agreement by disclosing their cross-border business with American clients, providing information on the accounts and paying penalties based on the assets of undeclared American accounts. Banks that believed they had not violated American law, in categories 3 and 4, could obtain a non-target letter.²

About eighty Swiss banks concluded non-prosecution agreements under category 2, paying penalties that totalled more than one billion three hundred million dollars. The banks in category 1, among them Credit Suisse, Julius Bär, the Basler Kantonalbank and several other banks, negotiated individual settlements. Credit Suisse pleaded guilty in May 2014 and paid more than two and a half billion dollars, the largest penalty in the history of American tax enforcement against a bank.³ The Basler Kantonalbank concluded a deferred prosecution agreement in 2018, which showed that even a cantonal bank, owned and guaranteed by the canton of

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Basel-Stadt, had participated in the business with undeclared American assets.

1 Notes

1. On the indictment of Wegelin & Co. (founded 1741) by the US Department of Justice in February 2012, its guilty plea on 3 January 2013 (payment of about USD 58 million) and its cessation of business, see the documents of the US Department of Justice. To be verified. ↩
2. On the Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks announced by the US Department of Justice on 29 August 2013 and the joint statement of the US and Switzerland, see the documents of the Department of Justice and the State Secretariat for International Finance. To be verified. ↩
3. On the results of the Swiss Bank Program (about 80 non-prosecution agreements, total penalties of over USD 1.36 billion), the guilty plea of Credit Suisse of 19 May 2014 (about USD 2.6 billion) and the individual resolutions of category 1 banks including Julius Bär (2016) and the Basler Kantonalbank (2018), see the documents of the US Department of Justice. To be verified. ↩

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