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WOODLANDS RESIDENT GUILTY OF FILING FA

By **Scott Engle** April 14 2010, 1:03 am

WASHINGTON – Paul Zabczuk, a resident of The Woodlands, Texas, pleaded guilty to filing a false tax Justice Department and Internal Revenue Service (IRS) announced today. Sentencing has been set for Dimitrouleas of the U.S. District Court for the Southern District of Florida. Zabczuk remains free on \$100,000 bond where he faces a maximum sentence of three years in prison.

According to court documents and statements made in court, Zabczuk admitted to filing a false tax report that he had an interest in or a signature authority over financial accounts at UBS AG, one of Switzerland's largest banks, to report income earned on his UBS Swiss bank account. The UBS account was opened in the name of ODF Limited, a corporation. For years 2002 through 2007, the tax loss associated with the ODF Limited account at UBS was the highest balance of all of the assets the defendant owned and controlled offshore was approximately \$100,000.

According to court documents, Zabczuk provided consulting services relating to the purchase and sale of oil and gas drilling for oil. Zabczuk directed his foreign clients to make payments to his company in offshore bank accounts in the Bahamas and in Switzerland. He also funded his offshore accounts by disguising payments made from his U.S. offshore corporation as commissions. Zabczuk would repatriate funds to the United States by making payments to Nassau, Bahamas; London; and Zurich, Switzerland. He would also wire transfer funds from UBS AG in Switzerland to China, who would then purchase furniture and other antiques on his behalf, which were then sent to the United States for personal use and for resale.

According to court documents, in or about April 2009, with the assistance of a Swiss banker, Zabczuk opened a smaller "off the radar" Swiss bank. The account at the second Swiss bank was opened in the name of Vangas Holdings. In September 2009, Zabczuk instructed the Swiss banker to transfer his assets to the second Swiss bank in China.

In February 2009, UBS entered into a deferred prosecution agreement under which the bank admitted to failing to report accounts from the IRS. As part of their agreement, UBS provided the United States government with information for, certain United States customers of UBS's cross-border business, including the defendant, who is a client of UBS to plead guilty to a tax felony.

Acting Assistant Attorney General John DiCicco and U.S. Attorney Jeffrey H. Sloman commended the United States government involved in this case, as well as Senior Litigation Counsel Kevin M. Downing and Trial Attorneys Mark A. Downing, and Assistant U.S. Attorney Jeffrey A. Neiman, who are prosecuting the case.

United States citizens who have an interest in, or signature or other authority over, a financial account in a foreign country in excess of \$10,000 are required to disclose the existence of such account on Schedule B, Part III of the Form 1041. Additionally, United States citizens must file a Report of Foreign Bank and Financial Accounts (F-Bar) if they have a financial account in a foreign country with assets in excess of \$10,000 for which they have a financial interest.