

## Virginia Doctor Pleads Guilty to Conspiracy Involving Undeclared Swiss Bank Account

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U.S. citizens and residents have an obligation to report to the Internal Revenue Service on Schedule B of a U.S. Individual Income Tax Return (Form 1040) whether that individual had a financial interest in, or signature authority over, a financial account in a foreign country in a particular year by checking “Yes” or “No” in the appropriate box and identifying the country where the account was maintained. Moreover, U.S. citizens and residents have an obligation to report all income earned from foreign bank accounts on the tax return.

We imagine that Dr. Andrew Silva of Sterling, Va., is going to remember those rules for quite some time to come.

The good doctor pleaded guilty today to conspiracy to impede the United States and to making a false statement. He’ll be sentenced in May – when he faces a maximum sentence of 10 years in prison and a maximum fine of \$500,000.

According to court documents: In 1997, Silva inherited an undeclared bank account from his mother at the Zurich branch of one of the world’s largest international banks. The bank is headquartered in England and also has offices in Zurich, Geneva, and the Eastern District of Virginia. The account was held in the name of a sham Liechtenstein trust. In 1999, Silva met with an attorney who managed the account in Zurich. The Zurich attorney instructed Silva to keep the account “hush,” to not keep any records relating to the account, and to send coded letters if he wished to meet with the attorney. Further, the Zurich attorney advised Silva that if he transported or mailed less than \$10,000 in U.S. currency back to the United States, he would not have to declare the funds to the U.S. government upon re-entry to the United States.

According to court documents: In September 2009, Silva was informed that the bank was closing his undeclared Swiss account and that he had until the end of the year to travel to Switzerland to withdraw all funds. He made two trips to Zurich in October and November 2009 and met with the Zurich attorney at his office and a Swiss banker at the private wealth office of the international bank. The Zurich attorney and the Swiss banker refused to wire the money to the United States as it would leave a trail for U.S. law enforcement. Instead, they provided him with \$235,000 in U.S. currency. Of that total, Silva received \$200,000 in two individually wrapped “bricks” of \$100,000 of sequentially numbered, new \$100 bills.

According to court documents: With the assistance of the Zurich attorney, Silva mailed 26 packages containing over \$200,000 in U.S. currency from Switzerland to the United States to himself and another person. Silva admitted that on Nov. 23, 2009, upon his return to the United States, he falsely informed a U.S. Customs Inspector at Dulles International Airport that he had traveled to Switzerland to purchase diamonds. Further, he falsely stated to a U.S. Customs Inspector that he had not recently mailed any U.S. currency from Switzerland into the United States.

According to court documents: For the years 1997 through 2008, Silva made and subscribed false U.S. Individual Income Tax Returns, Forms 1040, that failed to report on the Schedules B attached to the returns that he had an interest in a financial account in a foreign country. Additionally, Silva failed to report the income he earned on his undeclared Swiss account on his tax returns. Moreover, from 1997 through 2008, Silva failed to file with the Department of the Treasury a Report of Foreign Bank and Financial Accounts on Form TD F 90-22.1 ("FBAR") reporting his interest in his undeclared Swiss account that had an aggregate value of more than \$10,000 at any time during a particular year.

As part of his plea agreement, Silva agreed to forfeit to the government \$211,200 in U.S. currency that law enforcement officials seized from packages that Silva mailed from Switzerland to Silva's residence in Sterling, Va.

There's a potentially interesting sidenote to this case: the New York Times is reporting that the bank may be HSBC, suggesting that the federal government is moving beyond UBS in its efforts to crack down on foreign tax evasion. See <http://www.nytimes.com/2010/02/17/business/global/17tax.html?hpw>.

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