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United States Senate

COMMITTEE ON FINANCE
WASHINGTON, DC 20510-6200

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July 24, 2024

Sergio Ermotti
Chief Executive Officer and President of the Executive Board
UBS Group AG
Bahnhofstrasse 45
Zurich, Switzerland

Dear Mr. Ermotti,

I write seeking information related to accounts held at Credit Suisse AG (“Credit Suisse”) held by Douglas Edelman, a U.S. defense contractor indicted for tax evasion on more than \$350 million in income made from the sale of jet fuel to the United States military.¹ New evidence alleges that Credit Suisse employees were aware Mr. Edelman maintained accounts at Credit Suisse that he did not disclose to U.S. authorities, and that Credit Suisse employees helped Mr. Edelman illicitly transfer funds to other foreign banks. These allegations raise fresh concerns about the extent to which Credit Suisse violated the terms of its 2014 plea agreement with the U.S. Department of Justice.

As you are aware, the U.S. Senate Committee on Finance (“the Committee”) is investigating the circumstances which led to Credit Suisse pleading guilty to conspiracy to aid and assist thousands of wealthy U.S. taxpayers in filing false income tax returns and other documents with the Internal Revenue Service (IRS), as well as Credit Suisse’s compliance with its 2014 plea agreement with the U.S. Department of Justice (“the DOJ”). Last year, as part of its investigation, the Committee published a report which exposed major violations of Credit Suisse’s plea agreement with DOJ and numerous ongoing criminal conspiracies involving the failure to report hundreds of millions of dollars held by ultra-wealthy Americans in Switzerland and elsewhere.² The Committee’s report detailed how Credit Suisse employees knowingly and willfully took steps to help U.S. clients conceal their ownership of undeclared offshore accounts from the U.S. government, including moving funds out of Credit Suisse without notifying the

¹ *Former Defense Contractor and His Wife Indicted for Evading U.S. Taxes on Profits from Selling Jet Fuel to U.S. Military*, U.S. Department of Justice, Jul. 3, 2024, <https://www.justice.gov/opa/pr/former-defense-contractor-and-his-wife-indicted-evading-us-taxes-profits-selling-jet-fuel-us>

² *Wyden Investigation Finds Credit Suisse Complicit in Ongoing Tax Evasion by Ultra-Wealthy Americans*, United States Senate Committee on Finance, Mar. 29, 2023, <https://www.finance.senate.gov/chairemans-news/wyden-investigation-finds-credit-suisse-complicit-in-ongoing-tax-evasion-by-ultra-wealthy-americans>

DOJ.³ Since the merger of UBS and Credit Suisse is now complete and Credit Suisse has ceased to exist as a separate entity, I write to UBS as the entity responsible for resolving any liabilities from any U.S. government investigations into criminal conduct by Credit Suisse and its employees.⁴

The indictment against Edelman and his wife, Delphine Le Dain, includes allegations of his efforts to evade U.S. taxes for nearly 20 years. These charges represent one of the largest individual tax evasion schemes in American history, with Edelman accused of hiding more than \$350 million in untaxed income in offshore bank accounts that he did not disclose to the U.S. Treasury Department, including undisclosed accounts at Credit Suisse.⁵ Mr. Edelman earned this undisclosed income from the sale of \$7 billion worth of jet fuel to the U.S. Department of Defense for use in military campaigns in Afghanistan and the Middle East.⁶

Recently published federal court records include substantial new evidence that Credit Suisse and its employees played a significant role facilitating Edelman's alleged criminal tax conspiracy. According to the indictment, Edelman set up entity accounts at Credit Suisse to receive profit distributions from contracts to sell jet fuel to the U.S. military.⁷ Between 2005 and 2008 alone, Edelman received more than \$50 million in distributions to his accounts at Credit Suisse.⁸

In response to these transactions, Credit Suisse in May 2008 began questioning the source of funds in these accounts, and Edelman provided explanations detailing his interest in the accounts and the trading activities behind the profits.⁹ Subsequently, according to the indictment, in November 2008, Credit Suisse notified Edelman that "due to U.S. law enforcement activity regarding the use of Swiss bank accounts for tax evasion, [Edelman] had a choice: (1) close his Credit Suisse account and move the money, or (2) disclose the accounts to U.S. authorities."¹⁰ In response, Edelman "directed" Credit Suisse to close his accounts and move the funds to an account at Bank Julius Baer ("Julius Baer") in Singapore where he was a signatory.¹¹

³ *Id.*

⁴ *UBS completes merger of UBS Switzerland AG and Credit Suisse (Schweiz) AG*, UBS Switzerland AG, Jul. 1, 2024, <https://www.ubs.com/global/en/media/display-page-ndp/en-20240701-sbm.html>

⁵ Indictment, *United States vs. Douglas Edelman and Delphine Le Dain*, No. 1:12-cr-00239 (D.D.C. filed May 16, 2024) (hereinafter Indictment, *Edelman and Le Dain*)

⁶ *Id.* at pg. 2

⁷ *Id.* at pg. 11 ("Douglas Edelman initially used Aspen Wind and Bartol bank accounts at Swiss banks, primarily Credit Suisse, to receive his owner distributions.")

⁸ *Id.* at pg. 11 ("Between 2005 and 2008 alone, each owner received more than \$50 million in owner profit distributions.")

⁹ *Id.* at pg. 11 ("In May 2008, Credit Suisse questioned the source of funds in the Aspen Wind and Bartol accounts. Douglas Edelman and Co-Conspirator 1 prepared materials for Credit Suisse explaining Aspen Wind and Bartol's relationship to Douglas Edelman, namely, that the companies were owned and controlled by Douglas Edelman...")

¹⁰ *Id.* at pg. 13 ("In November 2008, Credit Suisse notified Co-Conspirator 1 that due to U.S. law enforcement activity regarding the use of Swiss bank accounts for tax evasion, [Edelman] had a choice: (1) close his Credit Suisse account and move the money, or (2) disclose the accounts to U.S. authorities.")

¹¹ *Id.* at pg. 23 ("On December 8, 2008, to avoid Douglas Edelman's connection to Credit Suisse being disclosed to U.S. authorities, Douglas Edelman and co-conspirator 1 directed Credit Suisse to close the Aspen Wind and Bartol accounts and move the funds to the Sunage Foundation account at Bank Julius Baer (Singapore), where [Douglas Edelman] was a signatory.")

This stunning revelation indicates that as far back as 2008, Credit Suisse employees were aware that Edelman was concealing his accounts from the U.S. government and may have helped Edelman avoid disclosing those accounts to U.S. authorities by aiding Edelman in moving his funds to Julius Baer without disclosing them to the U.S. government. These allegations raise serious concerns regarding Credit Suisse's compliance with its plea agreement with the DOJ, particularly requirements that Credit Suisse's obligations under section II.D.2.b of the Swiss Bank Program.¹²

More commonly known as the "leaver lists," compliance with section II.D.2.b requires that Credit Suisse *promptly* disclose all undeclared U.S. accounts that were closed and transferred out of the bank during an "applicable period." For Credit Suisse, the applicable period included accounts closed between August 1, 2008 and the date the bank entered into the plea agreement, May 19, 2014. Edelman's accounts were closed in December 2008 and January 2009, within the applicable period for Credit Suisse to disclose Edelman's accounts to the DOJ in a timely fashion under the leaver list provisions. The failure to do so would constitute another violation of Credit Suisse's plea agreement with DOJ beyond those already exposed by the Committee's report last year.

As you are aware, the Committee's report published last year exposed an ongoing criminal tax conspiracy involving undeclared offshore accounts held at Credit Suisse belonging to a family of dual U.S. citizens ("the Family"). The report detailed how specific Credit Suisse employees helped the Family close eight accounts at Credit Suisse valued at nearly \$100 million and transferred the funds to other banks in Switzerland and elsewhere without notifying DOJ. Credit Suisse did not disclose the existence of all of these accounts to U.S. authorities as required by its plea agreement with DOJ until December 2021, months after confidential informants had already flagged these accounts for the Committee, DOJ and the IRS.

By closing Edelman's accounts without telling the DOJ in a timely manner, it appears Credit Suisse employees enabled what appears to be one of the largest individual tax evasion schemes in U.S. history to go undetected for more than a decade. The new revelations also raise fresh concerns that Credit Suisse's breaches of its plea agreement were greater than previously known, as well as concerns regarding the thoroughness of Credit Suisse's responses to the Committee's investigation, which remains ongoing. In order to better understand Credit Suisse's handling of the closing of Edelman's accounts and other pending matters before the Committee, please provide answers to the following questions no later than August 7, 2024:

1. Were all accounts owned and controlled by Edelman at Credit Suisse, including entity accounts for Aspen Wind Corporation ("Aspen Wind") and Bartol Limited

¹² *Program for Non-Prosecution Agreements for Non-Target Letters for Swiss Banks*, Department of Justice, Aug. 29, 2013, <https://www.justice.gov/tax/file/631356/download>. (Under Section II.D.2 of the Swiss Bank Program: Upon execution of an NPA, for all U.S. related Accounts that were closed during the Applicable Period, the Swiss Bank must provide information including: the maximum value of each account, the number of U.S. persons affiliated with each account, whether it was held by an individual or entity, the name and function of any relationship manager or professional from the Bank affiliated with the account, and information concerning the transfer of funds into and out of the account. The "applicable period" is defined as the period between August 1, 2008 and the date of the Non-Prosecution Agreement or Non-Target Letter, if that date was earlier than December 31, 2014. Accordingly, for Credit Suisse the applicable period for this provision is from August 1, 2008 to May 14, 2014.)

- (“Bartol”), included in the population of U.S. customer accounts included in the plea agreement Credit Suisse signed with the DOJ on May 19, 2014? If not, please explain why.
2. When did Credit Suisse first disclose Edelman’s accounts, including the Aspen Wind and Bartol entity accounts, to the DOJ?
 3. What was the maximum value of all of Edelman’s accounts, including the Aspen Wind and Bartol entity accounts, prior to closing the accounts in 2009?
 4. Please provide a list of all disclosures made by Credit Suisse and/or UBS to the DOJ under Section II.D.2 of the DOJ’s Swiss Bank Program in relation to accounts at Credit Suisse owned or controlled by Edelman, including the Aspen Wind and Bartol entity accounts. For disclosure, please include the date the disclosure to the DOJ was made, the maximum value of the accounts and the name and function of all Credit Suisse employees affiliated with the accounts included in the disclosure.
 5. Please provide the names of all Credit Suisse employees involved in closing Edelman’s Credit Suisse accounts in December 2008 and January 2009 and transferring those funds to accounts at Julius Baer.
 6. According to Edelman’s indictment, in November 2008 Credit Suisse notified Edelman and his associates that [Edelman] “had a choice: (1) close his Credit Suisse accounts and move the money, or (2) disclose the accounts to U.S. authorities”. Please provide all November 2008 records and communications related to Edelman’s accounts at Credit Suisse, including correspondence between Credit Suisse employees and Edelman and/or his associates, as well as internal correspondence between Credit Suisse employees discussing Edelman’s accounts.
 7. Please explain in detail what actions Credit Suisse employees took in relation to Edelman’s accounts upon learning that Edelman had failed to disclose his accounts to U.S. authorities, as required by U.S. law.
 8. According to Edelman’s indictment, in May 2008 Credit Suisse questioned the source of funds in Edelman’s accounts. Did this due diligence regarding the source of funds identify that the proceeds were related to contracts for the sale of jet fuel to the United States military? If not, why not?
 9. According to Edelman’s indictment, on December 8, 2008, Edelman and his associate “directed Credit Suisse to close the Aspen Wind and Bartol accounts and move the funds to the Sunage Foundation account at Bank Julius Baer (Singapore), where [Douglas Edelman] was a signatory.” Please provide all records related to the closing of Edelman’s accounts and related transfers to Julius Baer.

10. Please provide all correspondence between Credit Suisse and Julius Baer related to the transfer of funds from Edelman's accounts to Julius Baer.
11. On October 11, 2022, Credit Suisse disclosed to the Committee that since 2014 Credit Suisse has disclosed to the DOJ a population of previously undeclared accounts belonging to U.S. persons with a value of approximately \$1.3 billion. Please provide an updated number of previously undeclared accounts and the value of those accounts.
12. Please provide the number of previously undeclared accounts belonging to U.S. persons Credit Suisse has reported to the DOJ since April 27, 2021? Please also provide the value of those accounts.
13. Credit Suisse previously disclosed to the Committee that in response to the Committee's investigation and federal law enforcement activity, it identified 23 client relationships involving U.S. persons involving undeclared accounts with a value in excess of \$20 million. Please provide the following information for this population:
 - a. How many of the 23 client relationships are currently subject to ongoing investigation by the DOJ or U.S. Internal Revenue Service ("IRS")?
 - b. Have all potentially undeclared accounts associated with these 23 client relationships been reported to the DOJ and U.S. Treasury Department?
 - c. The maximum value of the accounts for each of the 23 client relationships.
14. Since the publication of the Committee's report on March 29, 2023, have any additional client relationships involving U.S. persons with undeclared accounts worth \$20 million or more been identified? If yes, how many? Please also provide the account value of this population.
15. Has Credit Suisse discovered any additional undeclared accounts, similar to those of the family of dual U.S. – Latin American nationals identified in the Committee's report, that were closed and transferred out of Credit Suisse between August 1, 2008 and May 19, 2014? If yes, please provide the number of accounts and the value of those accounts.

Thank you for your attention to this important matter. Should you have any questions or wish to discuss this matter, please don't hesitate to contact Patricio Gonzalez from my staff.

Sincerely,

Ron Wyden

Ron Wyden
United States Senator
Chairman, Committee on
Finance