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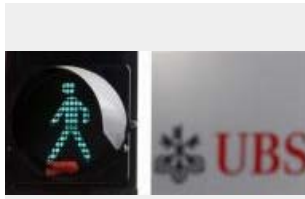
# Swiss to reveal UBS accounts to settle U.S. tax fight

Wed Aug 19, 2009 3:34pm EDT

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By Jason Rhodes and Kim Dixon



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BERNE/WASHINGTON (Reuters) - Switzerland has agreed to hand over details of about 4,450 UBS AG bank accounts to U.S. authorities to settle a tax dispute that challenged Swiss banking secrecy and now threatens to spill over to other banks.

With Switzerland's famed banking secrecy under fire, the Swiss have also agreed to process requests by the United States seeking information from its banks besides UBS about account holders who may have tried to evade U.S. taxes.

"This announcement today should send a signal - no matter what institution you're with, the IRS is willing to pursue both the institution and the individual," Internal Revenue Service Commissioner Doug Shulman told reporters on Wednesday.

The accounts were at one time worth \$18 billion, Shulman said, though he could not provide a current figure.

U.S. authorities would not name any other foreign banks under probe but the IRS is expected to use the Swiss deal as a template to pursue further prosecutions.

"The IRS is now gaining institutional skill and knowledge in how to pursue these types of cases and they're going to use that. This is, I believe, the beginning and not the end," said Peter Hardy, a former federal prosecutor and specialist in white-collar crime at Post & Schell in Philadelphia.

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The UBS dispute had strained relations between the United States and Switzerland and challenged the latter's jealously guarded bank secrecy laws. The deal may add steam to a global effort among cash-strapped governments to crack down on tax-evading jurisdictions.

But the settlement could help UBS, the world's second-largest wealth

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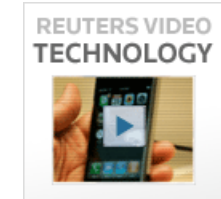
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manager, restore an image that has been battered by the financial crisis and the U.S. dispute, and may open the way for the Swiss government to sell its UBS stake.

"It's good to get this out of the way but the confidence of a lot of clients has been compromised so I'm not sure we will see inflows return in Q3. It will take time to recover reputation from this," said Jaap Meijer, an analyst at Evolution Securities in London.

Switzerland's Finance Minister Hans-Rudolf Merz said the government wants to sell its stake as quickly as possible and while it would be good business, it also has to consider other factors.

UBS shares closed down nearly one percent at 16.74 Swiss francs, having reversed some of their earlier losses. Swiss rival Credit Suisse ended down 1.3 percent and Julius Baer dropped 0.8 percent.

UBS Chairman Kaspar Villiger said the agreement helps resolve one of UBS' most pressing issues. "I am confident that the agreement will allow the bank to continue moving forward to rebuild its reputation through solid performance and client service."

In February, UBS agreed to pay \$780 million and disclose about 250 client names to settle a criminal probe by U.S. authorities. One former UBS banker testified that he smuggled a client's diamonds into the United States in a tube of toothpaste.

Wednesday's deal effectively ends a separate civil lawsuit by U.S. authorities that sought up to 52,000 account names.

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