

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA )  
 )  
 v. )  
 )  
 GREGORY RUDOLPH, )  
 )  
 Defendant. )  
 \_\_\_\_\_ )

Criminal No. **10cr10360 NMG**  
VIOLATION:  
31 U.S.C. §§ 5314 and 5322(a)  
(Willfully Violating Foreign Bank Account  
Reporting Requirements)

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DISTRICT OF MASS.

**INFORMATION**

THE UNITED STATES CHARGES THAT:

**General Allegations**

1. At all times material to this Information, the defendant, GREGORY RUDOLPH, was a resident of Boston, Massachusetts, and was in the real estate development business.
2. At all times material to this Information, Union Bank of Switzerland AG ("UBS") was the largest bank in Switzerland and one of the largest banks in the world.
3. Citizens and residents of the United States who have a financial interest in, or signature authority over, a financial account in a foreign country with an aggregate value of more than \$10,000 at any time during a particular calendar year are required to file with the U.S. Treasury a Report of Foreign Bank and Financial Accounts on Form TD F 90-22.1 (an "FBAR"). The FBAR for any given calendar year is due by June 30 of the following year.
4. Citizens and residents of the United States also have an obligation to indicate on Schedule B of U.S. Individual Income Tax Return (Form 1040), whether they had an interest in a financial account in a foreign country by checking "Yes" or "No" in the appropriate box and identifying the country where the account was maintained. The taxpayers also are obligated to report all income earned from foreign bank accounts on their tax returns.

5. On February 18, 2009, as part of a deferred prosecution agreement with the United States government, UBS admitted that it participated in a scheme to defraud the United States by actively assisting numerous U.S. taxpayers to conceal their financial interests from the Internal Revenue Service. From 2000 to 2007, UBS employees facilitated the establishment of offshore shell corporations in whose names UBS opened accounts, but which were in reality controlled by U.S. investors. The facade created by these shell corporations enabled numerous U.S. investors to evade reporting requirements and to conceal income from the IRS.

6. As part of the scheme, UBS private bankers and managers facilitated the creation and the retention of IRS forms that falsely indicated that offshore shell corporations were the actual beneficiaries of accounts. UBS private bankers and managers also met with their U.S. investors in person on a regular basis to discuss investments. This helped the U.S. investors to conceal from the IRS the active trading of securities held in such accounts and the making of payments to or from such accounts.

**Rudolph's UBS Accounts**

7. On or about October 4, 2000, Rudolph opened an account in his own name with UBS. At the time, Rudolph signed a document on which he stated that he would not trade in U.S. securities.

8. On various dates from late-2000 through 2001, Rudolph hand delivered and/or caused to be transmitted to UBS certain checks that were deposited into his personal account, totaling approximately \$1.5 million. In or about May 2001, Rudolph informed UBS that he would like to invest in U.S. securities, even though he had agreed not to when he opened his account. His bankers at UBS proposed that he create a shell company in the British Virgin Islands, open a UBS account

in the company's name, and transfer assets in the personal account to the corporation's account. In agreeing to open such an account and creating the appearance that the shell corporation was the beneficial owner, Rudolph enabled UBS to create a paper trail in order to avoid its (and Rudolph's) obligation to report to the IRS Rudolph's ownership of U.S. securities in the account and the income derived therefrom.

9. In or about May 2001, Rudolph traveled to Switzerland and opened an account in the name of Lucky Overseas Ventures, Ltd., a corporation organized in the British Virgin Islands. UBS also maintained in its files an IRS Form W-8BEN which falsely claimed that Lucky Overseas Ventures, and not Rudolph, was the beneficial owner of the assets in the account. Further, UBS maintained in its files a document that identified the individuals with signatory authority over the account. The absence of Rudolph's name on that list perpetuated the charade that Rudolph was not the beneficial owner of the assets in the account.

10. On or about July 3, 2001, Rudolph signed a document on which he instructed UBS to transfer the contents of his personal account to the account opened in the name of Lucky Overseas Ventures. Rudolph thereafter deposited personal funds, on various occasions, into the Lucky Overseas Ventures account.

11. On December 15, 2004, Rudolph established another UBS account, this time for Great Island Holdings Limited, a shell corporation registered in Hong Kong. Rudolph then directed UBS to transfer the funds in the Lucky Overseas Ventures account into the new account. As with the Lucky Overseas Ventures account, Rudolph was not listed on the UBS form identifying the individuals with signatory authority over the Great Island Holdings account, even though he exercised full control over it.

12. In each calendar year from 2001 to 2005, Rudolph maintained balances in his UBS accounts that exceeded \$1 million. Rudolph utilized the account funds for his own benefit by repatriating them to the United States through a foreign account in the name of a family member, as well as through a domestic account established in the name of a domestic shell corporation. Rudolph ultimately closed all his accounts at UBS in 2005 and transferred the contents to another Swiss bank.

**Tax Return and FBAR Information**

13. For the tax years 2002 to 2007, Rudolph willfully refrained from filing FBARs with the IRS, even though he was aware at all times that he was required to file an FBAR for every foreign bank account under his control.

14. For the tax years 2002 to 2007, Rudolph signed under the pains and penalties of perjury, and filed, Individual Income Tax Returns with the IRS. On each return, Rudolph willfully failed to report any interest in a foreign bank account.

15. For the years 2002 to 2007, Rudolph did not report on his individual income tax returns any dividend and/or interest income accruing from his foreign accounts. In so doing, Rudolph deprived the IRS of approximately \$25,507.

**COUNT ONE**  
**31 U.S.C. §§ 5314 and 5322(a)**  
**Willful Violation of Foreign Bank Account Reporting Requirements**

16. Paragraphs 1-15 are re-alleged and incorporated by reference as though fully set forth herein.

17. On or about June 30, 2006, at Boston in the District of Massachusetts and elsewhere, the defendant,

**GREGORY RUDOLPH,**

did knowingly and willfully violate the requirements prescribed by the United States Secretary of the Treasury, as codified at Title 31, Code of Federal Regulations, § 103.24(a), to report a financial interest in a bank, securities and other financial account in a foreign country in calendar year 2005; to wit, the defendant failed to file an FBAR disclosing his financial interest in an account at UBS in Switzerland, which had a value of greater than \$10,000 during calendar year 2005.

All in violation of Title 31, United States Code, Sections 5314 and 5322(a).

Dated:

*10/27/10*

CARMEN M. ORTIZ  
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