

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA)
)
 v.)
)
 PETER A. SCHOBER,)
)
 Defendant.)
 _____)

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

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U.S. DISTRICT COURT
DISTRICT OF MASSACHUSETTS
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INFORMATION

THE UNITED STATES CHARGES THAT:

General Allegations

1. At all times material to this Information, the defendant, Peter A. Schober, was a resident of Boston, Massachusetts, and was in the investment management 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.

Schober's UBS Accounts

7. From in or about March 2002 to November 2005, there was an account maintained at UBS in Switzerland in the name of Key Financial Services Corporation, a Samoan corporation that had no operations. According to UBS records, the beneficial owner of Key Financial Services was Schober's sister, an Austrian national.

8. In or about December 2000, Schober, with the assistance of UBS representatives and agents, established Small Guard Foundation, Inc., a Panamanian corporation with no operations, and in 2002, he caused to be opened an account at UBS in its name. Schober was aware that in establishing this offshore account, UBS would conceal his ownership and control of the account, as

well as any transactions or accrued interest in the account. Toward that end, UBS maintained in its account file a false IRS form that indicated that Small Guard Foundation was the beneficial owner of the account.

9. In or about November 2005, Schober caused his sister to transfer approximately \$800,000 from the Key Financial account to the Small Guard Foundation account. Schober thereafter caused funds to be wired in and out of the account for various purposes.

10. In or about September 30, 2006, Schober caused to be deposited \$287,819 in earnings he had received for his professional services into the Small Guard Foundation account. That same day he caused UBS to transfer a third of the deposit to an account controlled by his business partner at another offshore bank. What remained of the deposit, approximately \$198,546.00, was income to Schober that he was obligated to report to the IRS.

11. Beginning in at least November 2005, and continuing through in or about October 24, 2008, when Schober closed the account and transferred its contents to another Swiss bank, Schober earned dividend and interest income from the Small Guard Foundation account totaling approximately \$98,847.00. In each calendar year from 2005 to 2008, Schober maintained balances in the account that exceeded \$1 million.

Tax Return and FBAR Information

12. For the tax years 2005, 2007 and 2008, Schober signed under the pains and penalties of perjury, and filed, FBARs with the IRS that indicated he had an interest in a financial account in the United Kingdom, but willfully omitted to indicate that he had an interest in the Small Guard Foundation account. For the tax year 2006, Schober willfully failed to file an FBAR at all. Schober

was aware at all relevant times that he was required by law to submit FBARs that identified the Small Guard Foundation account.

13. For the tax years 2005 to 2008, Schober signed under the pains and penalties of perjury, and filed, Individual Income Tax Returns with the IRS. On Schedule B of each return, Schober indicated that he had an interest in a financial account in the United Kingdom, but did not indicate that he had an interest in the Small Guard Foundation account.

14. For the years 2005 to 2008, Schober willfully failed to report on his individual income tax returns any dividend and/or interest income that accrued in the Small Guard Foundation account, or the income that he derived from professional services that he deposited into the account. In so doing, Schober deprived the IRS of \$77,870.67.

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

15. Paragraphs 1-14 are re-alleged and incorporated by reference as though fully set forth herein.

16. On or about June 30, 2007, at Boston in the District of Massachusetts and elsewhere, the defendant,

PETER A. SCHOBER,

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 2006; 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 2006.

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

Dated:

10/27/10

CARMEN M. ORTIZ
United States Attorney

JONATHAN E. MITCHELL
Assistant U.S. Attorney

MARK DALY
Trial Attorney
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Tax Division - NCES