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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND

FILED  
U.S. DISTRICT COURT  
DISTRICT OF MARYLAND  
2016 MAY 26 AM 11:13  
CLERK'S OFFICE  
AT GREENBELT  
DEPUTY

UNITED STATES OF AMERICA

v.

MENACHEM SHOHAM,  
  
Defendant

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CRIMINAL NO. **DKC 16cr 265**  
  
(Conspiracy to Defraud the United  
States, 18 U.S.C. § 371)

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AT GREENBELT  
BY AK DEPUTY

INFORMATION

COUNT ONE

The United States Attorney for the District of Maryland charges that:

Introduction

At all times material to this Information:

1. The defendant, **MENACHEM SHOHAM** (“**SHOHAM**”), was a citizen of both the United States and Israel and a resident of Maryland.
2. Co-Conspirator 1, a citizen of the United States and a resident of Maryland, was **SHOHAM**’s spouse.
3. Co-Conspirator 2, a citizen of the United States and a resident of Florida, was **SHOHAM**’s mother.
4. Co-Conspirator 3, a citizen of the United States and resident of Florida, was **SHOHAM**’s sister.
5. Co-Conspirator 4, a citizen of the United States and resident of Florida, was the spouse of Co-Conspirator 3 and brother-in-law of **SHOHAM** (collectively, Co-Conspirators 1, 2, 3, and 4 are referred to herein as the “Family Members”).

6. A co-conspirator, **Martin Lack** ("**Lack**"), was a citizen and a resident of Switzerland. From approximately 1983 through approximately 2002, **Lack** was employed by UBS AG, and its predecessor Swiss Bank Corporation, as Executive Director, Private Banking, UBS AG, Zurich branch. From approximately 2002 to 2003, **Lack** was an asset manager at an asset management firm in Zurich, Switzerland. From 2003 to 2011, **Lack** worked as an asset manager at Lack & Partner, a Swiss asset management firm that he owned and operated.

7. UBS AG ("UBS AG"), a corporation organized under the laws of Switzerland, directly and through its subsidiaries, operated a worldwide financial services business. UBS AG previously entered into a Deferred Prosecution Agreement with the United States Attorney's Office for the Southern District of Florida, Case No. 09-60033-CR-COHN. As part of the Deferred Prosecution Agreement, UBS AG admitted that, beginning in 2000 and continuing until 2007, UBS AG, through certain private bankers and managers in the United States cross-border business, participated in a scheme to defraud the United States by actively assisting or otherwise facilitating a number of United States individual taxpayers in establishing accounts at UBS AG in a manner designed to conceal the United States taxpayers' ownership or beneficial interest in said accounts.

8. Swiss Bank 1, a corporation organized under the laws of Switzerland, provided private banking services in Zurich, Switzerland to certain of the Family Members.

9. The Internal Revenue Service ("IRS") is an agency of the United States Department of the Treasury responsible for administering the federal tax laws of the United States and collecting taxes owed to the United States.

10. United States taxpayers who had income in excess of a certain amount were obligated to file a United States Individual Income Tax Return, Form 1040 ("Form 1040"), with

the IRS, on which United States taxpayers were obligated to report their worldwide income. Additionally, United States taxpayers who had an interest in, or signature or other authority over, a financial account in a particular year in a foreign country with assets in excess of \$10,000 were required to disclose the existence of such account on Schedule B, Part III of Form 1040, and to file with the Department of the Treasury a Report of Foreign Bank and Financial Accounts, Financial Crimes Enforcement Network Report 114 (formerly Form TD F 90-22.1) (the "FBAR"). The FBAR filing deadline for an applicable year was June 30 of the following year.

### **The Conspiracy**

11. Beginning from in or about 1986, and continuing through no earlier than October 2011, in the District of Maryland and elsewhere, the defendant,

#### **MENACHEM SHOHAM,**

did knowingly and willfully conspire with the Family Members, **Martin Lack**, and others known and unknown to the United States Attorney, to defraud the United States for the purpose of impeding, impairing, obstructing and defeating the lawful Government functions of the IRS in the ascertainment, computation, assessment and collection of the revenue: to wit, income taxes, all in violation of Title 18, United States Code, Section 371.

### **Manner and Means of the Conspiracy**

12. The manner and means by which **SHOHAM** and his Co-Conspirators sought to accomplish the objects of the conspiracy included, among other things, the following:

a. It was part of the conspiracy that **SHOHAM** and the Family Members would and did open and maintain undeclared offshore accounts to conceal assets and income from the IRS.

b. It was further a part of the conspiracy that **SHOHAM** and the Family

Members would and did travel from the United States, including from the District of Maryland, to Nassau, Bahamas, to receive cash as withdrawals from their undeclared accounts.

c. It was further a part of the conspiracy that **SHOHAM** and the Family Members would and did obtain credit cards linked to their undeclared accounts as a means of accessing the assets in their undeclared accounts while concealing them from the IRS.

d. It was further a part of the conspiracy that **SHOHAM** and the Family Members would and did transfer, and cause to be transferred, the contents of their undeclared accounts to one or more undeclared accounts in Switzerland (“the Swiss Bank 1 accounts”) in order to conceal their assets and income from the IRS.

e. It was further a part of the conspiracy that **SHOHAM** and the Family Members would and did travel from the United States, including from the District of Maryland, to Zurich, Switzerland, to receive cash from their undeclared accounts in that country.

f. It was further a part of the conspiracy that **SHOHAM** and the Family Members would and did receive cash in the United States as withdrawals from their undeclared accounts.

g. It was further a part of the conspiracy that **SHOHAM** and the Family Members would and did attempt to conceal their ownership and control of their undeclared accounts by providing their return preparers with false information.

h. It was further a part of the conspiracy that that **SHOHAM** would and did fail to file FBARs in order to conceal his ownership and control of assets and income from the IRS.

#### **Overt Acts**

13. In furtherance of the conspiracy, and to achieve the objects thereof, at least one of the conspirators committed, and caused to be committed, in the District of Maryland and

elsewhere, at least one of the following overt acts, among others:

- a. On or about November 15, 1999, **SHOHAM** and Co-Conspirator 1 executed documents to open a foreign financial account at UBS AG in Zurich, Switzerland (“Account 1”).
- b. On or about November 15, 1999, **SHOHAM** and Co-Conspirator 1 granted Co-Conspirator 2 power of attorney with complete control over the assets in Account 1.
- c. On or about February 7, 2000, Co-Conspirator 3 and Co-Conspirator 4 opened a foreign financial account at UBS AG in Zurich, Switzerland (“Account 2”).
- d. On or about March 30, 2001, Co-Conspirator 3 and Co-Conspirator 4 granted **SHOHAM** and Co-Conspirator 1 power of attorney with complete control over the assets in Account 2.
- e. In or about June 2003, **SHOHAM** and the Family Members instructed UBS AG to close their undeclared accounts and to transfer the contents to accounts at Swiss Bank 1.
- f. On or about July 6, 2003, **SHOHAM** and Co-Conspirator 1 executed documents to open one or more foreign financial accounts at Swiss Bank 1.
- g. On various dates and for various tax years, in the District of Maryland, **SHOHAM** and Co-Conspirator 1 jointly filed, or caused to be filed, false and fraudulent U.S. Individual Income Tax Returns, Forms 1040, with the IRS on which they failed to report income from the assets in the UBS AG accounts and the accounts at Swiss Bank 1, and on which they failed to report their ownership of the UBS AG accounts and the accounts at Swiss Bank 1, including the false items set forth on the following table:

	<b>YEAR</b>	<b>FALSE ITEMS</b>	<b>DATE FILED</b>
g.(1)	2005	Line 22 – Total Income Schedule B, Line 7(a)	June 26, 2006

g.(2)	2006	Line 22 – Total Income Schedule B, Line 7(a)	June 4, 2007
g.(3)	2007	Line 22 – Total Income Schedule B, Line 7(a)	September 29, 2008
g.(4)	2008	Line 22 – Total Income Schedule B, Line 7(a)	July 6, 2009
g.(5)	2009	Line 22 – Total Income Schedule B, Line 7(a)	September 20, 2010
g.(6)	2010	Line 22 – Total Income Schedule B, Line 7(a)	June 27, 2011

18 U.S.C. § 371



Rod J. Rosenstein  
United States Attorney

May 25, 2016  
Date