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# Former UBS Official Is Arrested in Tax Probe

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By DEVLIN BARRETT, LAURA SAUNDERS and BRENT KENDALL CONNECT

Updated Oct. 20, 2013 10:25 p.m. ET

Raoul Weil, once the No. 3 official at Switzerland's [UBS AG](#) (UBS +1.16%), has been arrested in Italy based on an Interpol notice requested by U.S. authorities, according to a U.S. official.

The U.S. plans to seek his extradition from Italy to face charges of helping conceal billions of dollars from U.S. tax authorities.

The arrest "underscores that it is a real danger for Swiss bankers directly in the cross-hairs of the U.S. to travel to another country," said Dan Levy, a former federal prosecutor now in private practice at McKool Smith in New York. "It underscores how patient and persistent the U.S. Department of Justice is willing to be."

Mr. Levy said that the extradition treaty between Italy and the U.S. permits extradition for crimes that are illegal under both U.S. and Italian law.

Mr. Weil was indicted in 2008 in U.S. court in Florida on charges that he oversaw the bank's cross-border business and helped rich U.S. clients hide billions in assets. A federal judge later declared Mr. Weil a fugitive. According to the indictment, between 2002 and 2007, Mr. Weil oversaw the Swiss bank's cross-border private banking business that provided services to some 20,000 U.S. clients who concealed approximately \$20 billion in assets from the Internal Revenue Service.

Mr. Weil, who allegedly referred to this business as "toxic waste," mandated that Swiss bankers increase the cross-border business, despite knowing that this would cause bankers to violate U.S. law, according to the indictment.

Mr. Weil's attorney was unavailable for comment.

A lawyer for Mr. Weil in 2009 told The Wall Street Journal that his client was an innocent victim of a political dispute between the U.S. and Switzerland.

A UBS spokeswoman said that Mr. Weil was released from his duties at the bank when he was indicted.

In 2009, UBS admitted that it helped U.S. taxpayers hide money abroad. It paid \$780 million and turned over the names of more than 4,400 U.S. taxpayers with secret Swiss accounts to avoid criminal charges, piercing the veil of Swiss bank secrecy.

Since then, more than 38,000 taxpayers have entered IRS limited-amnesty programs for people who concealed offshore accounts. The government has collected more than \$5.5 billion from them, with an estimated \$5 billion still to come, and Switzerland's oldest bank, Wegelin & Co., closed down after pleading guilty to helping U.S. taxpayers hide more than \$1.2 billion.

In addition, more than 120 U.S. taxpayers and advisers have been criminally charged in connection with undeclared offshore accounts. Most of them were in Switzerland, and

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many were at UBS.

U.S. officials have also pursued individual bankers and outside advisers. On Aug. 16, Edgar Paltzer, a high-level Swiss lawyer, pleaded guilty to helping U.S. taxpayers hide money abroad. Mr. Paltzer's lawyer said that his client's cooperation with U.S. authorities would be "complete and without limitation."

Switzerland's banking sector has come under scrutiny from U.S. authorities seeking to crack down on tax evasion because of the country's banking secrecy laws. Pressure from the U.S. and some European neighbors has forced Switzerland to make compromises and help foreign authorities track down hidden assets.

In August, Switzerland and the U.S. unveiled a program for Swiss banks not yet under investigation to come forward, disclose the amount of undeclared American assets on their books and pay related penalties. Hundreds of banks are expected to participate in the program, which will mete out hefty fines to some, while others will be provided with an official clean bill of health.

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