



**GLOBAL FINANCIAL INTEGRITY
A PROGRAM OF THE CENTER FOR INTERNATIONAL POLICY**

Swiss Banking Secrecy: A Timeline

1932—The Basler Handelsbank affair reveals that over 2,000 members of the French elite have accounts in Switzerland. French Leftists take advantage of this to denounce the austerity program of a bourgeois government that does nothing to fight against tax fraud.

Nov. 8, 1934—The Swiss Federal Banking Act is introduced in Switzerland making any breach in banking secrecy a federal offence.

May 24, 1951—Switzerland enters into a tax treaty with the U.S. agreeing to exchange information only in criminal cases involving “tax fraud.”

October 19, 1984—In a referendum vote on banking regulatory laws, 73% of Swiss citizens vote in favor of maintaining bank secrecy.

October 2, 1996—Swiss and U.S. sign a new joint treaty on taxation, replacing the original treaty signed in 1951. Under the new treaty the exchange of information remains limited to information necessary for the proper application of the treaty and cases of tax fraud. Tax fraud is defined in the treaty according to restrictive Swiss standards and, therefore, the Swiss are not required to breach bank secrecy or any other protective provisions to further US interests, unless they would have to do so under Swiss law.

October 20, 1998—Officials in Switzerland announce that they have seized over \$90 million from Raul Salinas after an investigations revealed that the money was received for protecting drug shipments. Swiss authorities request that Britain seize an additional \$23.4 million deposited in England.

November 15, 1999 – A class action suit is brought against the Vatican Bank and other Austrian, Swiss and Argentine banking institutions by U.S. attorneys Easton and Levy on the behalf of Jewish and Ukrainian Holocaust victims seeking the restoration of several hundred of millions of dollars in looted property and assets taken in WWII.

November, 2001— Italian Finance Minister Giulio Tremontian announces an amnesty on taxes and penalties on repatriated funds from Switzerland, leading to the recovery of 35 billion Euros. The move leads Swiss bank Credit Suisse to establish locations in Italy to recoup lost funds.

December 4, 2002 –The European Union’s push for international cooperation in pursuing tax evaders falls through over the issue of bank secrecy in Switzerland (a non-member) when Luxembourg and Austria refuse to join the movement to share bank deposit information with member EU states unless Switzerland agrees to do the same.

January 22, 2003—The European Union reaches agreement on a plan to “phase out” banking secrecy. This allows the three countries with banking secrecy laws (Belgium, Luxembourg and Austria) to keep

those laws as long as Switzerland maintains banking secrecy laws. These countries however must impose a 15 percent withholding tax on the earnings of secret accounts.

January 13, 2005—Swiss banks publish the names of 3,100 WWII- era account holders who might have been victims of Nazi persecution and are entitled to millions of dollars in deposits.

March 26, 2008—Three major Swiss banks pledge to set up a compensation fund in the US for a global settlement with Holocaust victims. The Swiss government asserts an official position of non-involvement in the global settlement.

June 2008—Bradley Birkenfeld, a former UBS employee pleads guilty to conspiracy to defraud the IRS by assisting U.S. citizens evade approximately of \$7.2 million in taxes owed on \$200 million of assets hidden in offshore accounts in Switzerland.

June 30, 2008—U.S. prosecutors file a summons with UBS to disclose the names of all of its U.S. clients. The “John Doe” summons is served but its execution is currently under negotiation between the American and Swiss governments. This summons represents the first time that the U.S. has attempted to pierce Swiss bank secrecy by compelling a Swiss bank to name its U.S. clients.

July 17, 2008—U.S. Senate Subcommittee on Investigations holds a hearing on “Tax Haven Banks and U.S. Tax Compliance,” in which it estimates—based largely on testimony by former UBS employer Bradley Birkenfeld—that UBS has 20,000 accounts in Switzerland of which only 1,000 are declared. Estimates of total assets held contained by these accounts are in excess of \$17.9 billion.

September 24, 2008—Roger de Weck, former editor in chief of *Die Zeit*, commenting on global implications of the U.S. financial crisis remarks that the Swiss bank UBS has 2 trillion Swiss francs while Credit Suisse, oversees 1.2 trillion Swiss francs of assets noting, “We owe this crisis an uncomfortable revelation: UBS and Credit Suisse are too big for Switzerland. If they went bankrupt, a flourishing country would be ruined.”

October 16, 2008—The Swiss government announces that it will take a 9 percent stake in UBS and provide it with 6 billion Swiss francs (\$5.36 billion) in capital.

October 21, 2008—German Finance Minister Peer Steinbrueck calls for Switzerland’s addition to the OECD “blacklist” of uncooperative tax havens.