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Nov. 14, 2013

NEW YORK — US District Judge Richard M. Berman of the Southern District of New York entered an order on Tuesday authorizing the Internal Revenue Service (IRS) to issue summonses requiring five US banks — Bank of New York Mellon, Citibank, Chase, HSBC and Bank of America — to produce information about US taxpayers who may be evading or have evaded federal taxes by holding interests in undisclosed accounts at the Bank of N.T. Butterfield & Son Limited and its affiliates in The Bahamas, Barbados and the Cayman Islands, among other foreign jurisdictions.

In these actions, the court granted the IRS permission to serve what are known as “John Doe” summonses on Mellon, Citibank, JPMorgan, HSBC, and Bank of America. The IRS uses John Doe summonses to obtain information about possible tax fraud by individuals whose identities are unknown. The John Doe summonses approved on Tuesday direct these five banks to produce records identifying US taxpayers with accounts at Butterfield and its affiliates, including other foreign banks that used Butterfield's US correspondent accounts at Mellon, Citibank, JPMorgan, HSBC, and Bank of America to service US clients.

“These cases once again demonstrate the department's resolve to uncover and identify taxpayers who tried to hide money overseas as a way to avoid federal taxes,” said Assistant Attorney General Keneally. “These John Doe summonses will provide information about individuals using financial institutions from Switzerland to the Cayman Islands to Hong Kong to avoid their US tax obligations. US taxpayers still holding accounts who have not come clean should come forward and do the right thing before it's too late.”

“Today's action shows that the use of foreign banks for tax evasion remains a high investigative priority of this office and US citizens should understand that loud and

clear,” said US Attorney Bharara. “By issuing these John Doe summonses, we

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IRS Offshore Voluntary Disclosure programs and initiatives enable US taxpayers to resolve their tax liabilities and minimize their chances of criminal prosecution by voluntarily disclosing previously undisclosed foreign accounts and income. To date, US taxpayers have identified 81 previously undisclosed accounts at Butterfield.

In addition, a number of US taxpayers with beneficial ownership and control over funds held in accounts at Butterfield have admitted failing to report income earned from their offshore accounts on their federal tax returns.

The IRS has reason to believe that other US taxpayers who held or presently hold similar accounts at Butterfield and its affiliates have done the same in violation of federal tax law.

Federal tax law requires US taxpayers to pay taxes on all income earned worldwide. US taxpayers must also report foreign financial accounts if the total value of the accounts exceeds \$10,000 at any time during the calendar year. Willful failure to report a foreign account can result in a fine of up to 50 percent of the amount in the account at the time of the violation.

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