

# Israeli Swiss bank tax evasion investigation widens



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A senior Israeli is among many suspected of owning unreported Swiss bank accounts totaling hundreds of millions of euros.

A senior figure is suspected of secretly keeping accounts in a Swiss bank that were not reported to the tax authorities in Israel, in an affair called the "Swiss Bank Affair," sources inform "Globes." Israel Tax Authority investigators conducted a search of the senior figure's home.

As in the information about the other suspects in the affair, the information about the allegedly unreported accounts belonging to the senior figure was obtained by the Tax Authority from lists seized from senior UBS investment consultant Roni Elias, one of the principal suspects in the affair. The Tax Authority declined to comment on the matter, saying, "We do not comment on investigations in progress."

A month ago, it was allowed to report that the Tax Authority had been conducting a prolonged and far-reaching covert investigation in an affair involving accounts owned by Israelis at Swiss banks, centering around UBS. According to the Tax Authority, information and lists it obtained show that large Swiss banks had accounts owned by thousands of Israelis with an aggregate total of hundreds of millions of euros. 28 suspects have been interrogated and arrested so far in the affair. According to information obtained by

"Globes," however, hundreds of other names of potential suspects appear on the lists seized, and further arrests are expected in the coming weeks.

## Meetings at luxury hotels in Tel Aviv

The affair began last June, when the Tax Authority arrested Elias in Tel Aviv. Elias was directly responsible for handling Israelis' bank accounts. The interrogation of Elias, an Israeli who has lived in Switzerland for four decades, indicated that as part of his job, Elias attended secret meetings with Israeli clients, who did not transmit instructions and documents to the bank by telephone, e-mail, or fax because they were afraid of being exposed as owners of accounts at the Swiss bank.

Nasdaq Dec	S&P 500 Dec	TA Bluet Dec	TA25 Dec	USD/EUR Dec	NIS/IL
11 03:04	10 23:07	11 12:30	11 12:30	11 12:25	11
▼ -1.73% 4684.03	▼ -1.64% 2026.14	▼ -0.24% 320.15	▼ -0.07% 1480.06	▼ -0.21% 1.242	▼ -0.18

Israeli clients the next day, accompanied by a senior employee of UBS Switzerland. These meetings were subject to covert surveillance by Tax Authority investigators. Among other things, the two men met with Israeli clients at a luxury hotel in Tel Aviv. All the participants were arrested following the meeting.

The main suspects include two Israelis who own a chain of dozens of overseas clinics, and the chain's accountant. The two owners previously managed a chain of clinics in Israel, but moved it overseas. The overseas business, amounting to over €40 million annually, includes the control of corporations managing 60 clinics in Eastern Europe incorporated in foreign companies registered in tax shelters in Panama and the British Virgin Islands, while concealing the management and control from Israel. According to the Tax Authority, the profits from the business were all transferred to the owners of the clinics and deposited in their secret bank accounts at UBS in Switzerland. It is suspected that these deposits were not reported to the tax authorities in Israel. The application for a warrant to arrest the owners of the chain alleged that there was evidence that in 2009-2014, Elias managed concealed bank accounts for them in which €15 million was accumulated that had been omitted and not reported.

## A minimarket-convenience store owner and a real estate agent

Other suspects in the affair whose names have been cleared for publication include Bernardo Fisher, owner of a minimarket-convenience store in Tel Aviv, suspected of having \$1 million in an account at the Swiss bank; Nava Sha'anani from Sde Ya'akov (\$800,000); Aharon Cohen, a manager at a construction development company from Nahariya (\$600,000); Tel Aviv real estate agent Haim Kumi (\$500,000), Batya Oron from Rishon LeZion (\$550,000); and Arie Kopel from Haifa, who had a Swiss bank account with €250,000, plus five income-producing apartments in Berlin.

Over the past two days, Haifa Magistrates Court Judge Ayelet Hoch-Tal granted the request

by the Tax Authority and ordered the release on bail of four more suspects in the affair. One of the four, arrested and released on bail yesterday, was George Alberto Pocus from Yavne, an employee in a company doing electrical work, who has had an account at UBS Switzerland since 2000, and one at Swiss bank Julius Baer Bank since 2009.

Another suspect is Tikva Cohen from Tel Aviv, who is suspected of having an unreported account at UBS Switzerland since 2004. The Tax Authority alleges that she used the money in the account to buy an apartment in Tel Aviv for NIS 4 million, among other things. Cohen is also suspected of concealing NIS 528,000 in rental income. Due to the suspicions, the Tax Authority attached Cohen's Mercedes Benz car.

Also among those arrested were Helena and Yaakov Landoi from Tel Aviv, who are suspected of having an account at UBS Switzerland for 20 years with a current balance of \$300,000, while allegedly concealing the account and the income from it.

The Haifa Magistrates Court is scheduled to hold a hearing on December 21 on the removal of the gag order for additional suspects in the case whose names have not yet been disclosed.

### **Suspects' lawyers: Most of the suspects will not be indicted**

Adv. Avi Nov, who represents four of the suspects arrested by the Tax Authority and released on bail, severely criticized how the Tax Authority was conducting its investigation, saying. "There are many problems of various types with this investigation." Nov stated that the Tax Authority had included too many names and made too many arrests without examining the evidence against the suspects in depth. "Meanwhile, the Tax Authority is looking mainly for headlines, which is harming people," he said.

*"Globes": Most of the suspects, including your clients, allegedly appeared on Swiss banker Roni Elias' list."*

Nov: "Right, but that still doesn't make them criminals. First of all, there's doubt about whether some of the suspects are obligated at all to report their accounts in Switzerland to the tax authorities in Israel, because they are Israeli citizens living abroad, who are not subject to the duty to report. Others of the suspects are Israeli citizens who are returning residents, some of them senior returning residents, or new immigrants, or foreign residents spending some time in Israel."

Nov believes that most of the cases will eventually be closed without any indictment. "The problem cases will end up with payment of a fine. In some cases, it appears that the money does not belong to the suspects, while in others, the suspects have no duty to report at all. The Tax Authority's main goal is to create deterrence, as part of its efforts to get to money

held overseas by Israelis, while giving people a motive to voluntarily disclose their money."

*Those are important goals*

"But the means used constitute very serious violations of people's basic freedoms. The suspects, most of whom, as I said, will never be indicted, are barred from leaving Israel for six months, their names are published, they have to deposit bail, and their homes and cars are being attached, while some of them will be cleared of wrongdoing. There is a general restriction of freedom here, without any serious investigation. The Tax Authority got ahold of a list of names, which it seized from Roni Elias, and its basic assumption is that everyone on the list committed tax evasion, and should be arrested, but that's not necessarily correct."

*In your opinion, what should the Tax Authority have done?*

"They could have examined the evidence more thoroughly, and conducted hearings before the arrests. Instead, they went to these people's homes at 5 in the morning, knocked on their door, and arrested them, causing great embarrassment and doing them serious damage. In a large proportion of the cases, there should have been civil, not criminal, proceedings. The working assumption that everyone on the list is a criminal is incorrect."

The Tax Authority said in response, "The Tax Authority's investigation in the Swiss Bank affair raises serious suspicions of large scale tax evasion in overseas bank accounts, with deliberate concealment of the accounts' existence, while giving instructions about what to do them in secret meetings."

The Tax Authority added, "The investigation is being conducted in a professional and businesslike manner, and has been accompanied from the beginning by lawyers well versed in taxation and finances. The searches conducted during the investigation were court-approved, and revealed documents and evidence supporting the suspicions. The restrictions and bail imposed on the suspects were also determined with the approval of the Court, which was presented with the suspicions and the evidence supporting them."

Roni Elias's lawyer Adv. Sharon Fishman, Partner at Doron, Tikotzky, Cederbom Law Firm told "Globes", "We clarify that our client never assisted his clients in hiding income. All he did was fulfill his duties to their accounts, in his capacity with the Swiss bank, with dedication and professionalism while providing the best possible financial advice in order to maximize their profits."

"By definition, a Swiss banker in general, and our client in particular, have no and can have no connection and/or involvement in clients undertakings with tax authorities in this country, or their neglect in reporting."

"Therefore, the tax authorities claim as if our client is suspected in helping those Israelis who did not report their accounts abroad is unclear. We are confident that things will be illuminated at the end of the day, when the matter is brought to legal clarification."

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