

“Lucifer’s Banker: The Untold Story of How I Destroyed Swiss Bank Secrecy”

Corruption of U.S. Justice Department and the Two-Tiered Justice System: The Case of Whistleblower Bradley Birkenfeld

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When this Whistleblower Exposed the Crimes of Obama’s Golf Partner and 12th Largest Campaign Contributor, the U.S. Justice Department Did the Honorable Thing—It Jailed the Whistleblower and Let Obama’s Golf Partner Walk Away Free

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Bradley Birkenfeld is a former Swiss banker who helped the Internal Revenue Service (IRS) recoup billions of dollars in tax revenues after exposing the largest tax fraud in U.S. history.

Yet it was Birkenfeld who served 40 months at the Schuylkill Federal Correctional Institution in Minersville, Pennsylvania, while his bosses who orchestrated the fraud and the wealthy investors who cheated the U.S. government never faced any jail time.

The egregious double standard by which whistleblowers go to prison and those on whom they blow the whistle go free is all too typical in today’s two-tiered U.S. justice system.

In April, Apple whistleblower Ashley Gjovik wrote an article in *CovertAction Magazine* aptly entitled “[Whistleblowers Are the Conscience of Society, Yet Suffer Gravely For Trying to Hold the Rich and Powerful Accountable For Their Sins.](#)”

It detailed the backlash and abuse that whistleblowers often face and the impunity of those holding positions of power.

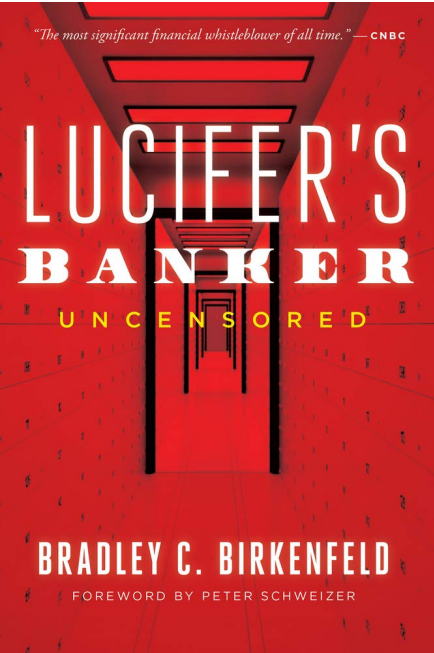
In Birkenfeld’s case, at least he was able to get the last laugh: After he applied for whistleblower status following his release from prison, the IRS awarded him a settlement of \$104 million through their [Whistleblower Office](#).



Source: twitter.com

Lucifer's Banker

Birkenfeld told his incredible story in his memoir, *Lucifer's Banker: The Untold Story of How I Destroyed Swiss Bank Secrecy* (Austin, TX: Greenleaf Press, 2016), which is being made into a movie. [See Birkenfeld's website](#) for more information. See also his updated second edition: [Lucifer's Banker Uncensored: The Untold Story of How I Destroyed Swiss Bank Secrecy](#) (Alexandria, VA: Republic Book Publishers, 2020).



Birkenfeld writes that he has “lived the life of an Ian Fleming character, which was all about thrill and that’s a hunger that can get you buried.”^[1]

Growing up in an upper middle-class home in Hingham, Massachusetts (his father was a neurosurgeon), Birkenfeld graduated from Norwich Military Academy in Vermont and then experienced his first taste of the corruption of the banking world working for State Street Bank and Trust Company in Boston, where he first became a whistleblower.

The father of the bank's CEO, Marshall N. Carter, perhaps not coincidentally, had been Deputy Director of the CIA.

After getting an MBA degree, Birkenfeld started working for Credit Suisse, then Barclays and then the Union Bank of Switzerland (UBS), the largest Swiss banking institution and private bank in the world.

Serving as a director and head of business development for the American desk, Birkenfeld became UBS's highest paid employee when he signed a multi-billionaire Russian émigré to the U.S., Igor Olenicoff, with the promise of helping him to evade paying taxes on much of his fortune.

Birkenfeld's boss, Christian Bovay, conceived the scam that Birkenfeld participated in by which UBS would charge a three percent management fee to its wealthy clients in exchange for helping them to evade paying taxes by placing it securely in one of the bank's secret off-shore accounts.

Birkenfeld would make clients more money by investing, often in weapons manufacturers. Then when the clients needed their money, UBS would lend it back at a reasonable interest rate.

Birkenfeld wrote in *Lucifer's Banker* that "UBS was making a fee for holding the guy's cash in the first place, then making *another* fee for loaning him his own damn money! And guess what? That guy's happy! He's getting his deal done, and he's still doing it with tax-free cash! I couldn't believe it, and you know what? It worked, over and over again."^[2]

Birkenfeld's job was to travel to the U.S. frequently, to attend charity events and upscale social functions, and to woo wealthy new clients to the UBS Bank with an offer they couldn't refuse.



UBS headquarters in Geneva, Switzerland. [Source: [wikipedia.org](https://www.wikipedia.org)]

When asked by a prospective client what he could do for them, Birkenfeld's stock answer was "three zeros: Zero income tax, zero capital gains tax; and zero inheritance tax."

And he told them that, if the feds came nosing around, they were protected by Swiss laws.

Birkenfeld did very well with the arrangement by taking a cut of the investment, enabling him to purchase a \$250,000 Ferrari Maranello and to live the high life.

Birkenfeld estimated that the total assets in the secret U.S. accounts acquired and invested by UBS in Switzerland totaled a whopping \$20 billion.^[3]

With time, Birkenfeld wrote that his conscience began to bother him as he recognized that he was helping rich people to "not pay their share, while the tax man's axe fell on those who couldn't afford it."^[4]

Birkenfeld decided to become a whistleblower on November 24, 2004, after his boss Christian Bovay issued a three-page internal memorandum, "Cross-Border Banking," that specified that private wealth management employees should not do precisely what Birkenfeld and others had been doing—traveling to the U.S. seeking out clients by proposing to help them evade taxes in violation of U.S. laws.

Birkenfeld considered the memo to be a "cover-your-ass document," whose purpose was for company management to wash its hands of activities carried out by company employees and, if they were investigated by police authorities, to create the false illusion that they did not support such practices.

Birkenfeld wrote: "Christian Bovay. That fucking slimy, rotten-toothed, dandruff-flinging scumbag. This was all him, all the way...We are all making a fucking fortune for the firm. Would they throw their best moneymakers under not merely a bus, but a bullet train? Yes

they would...In a fucking heartbeat. That bastard Bovay was like Satan. And what did that make me? A trusting naïve dupe. Nothing more than Lucifer’s fucking banker.”^[5]

On October 5, 2005, Birkenfeld resigned from UBS and became an internal whistleblower. After a company review of its malpractice turned into a whitewash, Birkenfeld sued UBS and was given a payout of 575,000 Swiss francs.

He then decided to provide the information that he had to the U.S. Justice Department, telling his lawyers that his job had been to help wealthy American citizens “hide their money, avoid paying taxes, deceive spouses and business partners, and in effect defraud the U.S. government.”^[6]

According to Birkenfeld, UBS “not only encouraged these practices [but] trained us all on the methods of secret solicitation, as well as on how to dupe American federal authorities.”^[7]

In July 2008, Birkenfeld testified on the malfeasance of his and other Swiss banks before the U.S. Senate.^[8]

He thought that he would be welcomed by the Department of Justice lawyers as “an American patriot, a virtual Paul Revere”; instead, he was treated with hostility by them.

A key reason is that UBS was very well connected politically. President Barack Obama’s Attorney General, Eric Holder, for example, had been a partner at the well-connected law firm of Covington & Burling, one of whose biggest clients was UBS.

The chairman of UBS’s America Division, Robert Wolf, was also a golfing partner and the 12th largest donor to President Obama who may have lobbied to help ensure that no UBS executives were prosecuted by the Department of Justice—only the whistleblower Birkenfeld.^[9]

Image: Obama shakes hands with Robert Wolf, the chairman of UBS’s America Division. [Source: voiceofdetroit.net]



[According to The New York Times](#), Wolf raised over \$500,000 for Obama's election in 2012 and he served as an informal adviser to Obama after being appointed to the [Economic Recovery Advisory Board](#) from 2009-2011, the [Council on Jobs and Competitiveness](#) from 2011-2013, the Export Council from 2014-2016, and the Homeland Security Advisory Council's Border Infrastructure Task Force in 2012. In 2017, Wolf was named to the [board of directors](#) for the [Obama Foundation](#) and chairs the foundation's audit and risk committee.

When Birkenfeld learned that the Department of Justice would be prosecuting him and not his bosses, he said it was "like being thunderstruck by the revelation that your entire family had banded together, taken out a \$5 million insurance policy on your life, and hired a hit man to put a bullet in the back of your skull."^[10]

Later on, Birkenfeld learned of a secret deal cut by Secretary of State Hillary Clinton with Swiss Foreign Minister Micheline Calmy-Rey to resettle some Uyghur terrorists from Guantanamo Bay in Switzerland in exchange for protecting the 19,000 American account holders in UBS, some of whom were big-time donors to the Clinton Foundation.^[11]

Soon after this deal was struck, Bill Clinton was paid \$1.52 million by UBS for a series of fireside chats with the bank's Wealth Management Chief Executive, Bob McCann—Clinton's biggest payday since leaving the presidency.

Most of Birkenfeld's clients ultimately admitted to their guilt, signed on to amnesty programs, paid their fines and back taxes, and remained safe from any public revelations.

Igor Olenikoff pled guilty to a single felony count of filing a false tax return for 2002 and got off with a \$52 million fine, which for him was small change.

But the Feds threw the book at Birkenfeld, who believed that DoJ lawyer Kevin Downing had a "psychotic obsession" with him.^[12]

During sentencing after his conviction, Birkenfeld was given more than three years in prison despite the judge receiving a supporting letter from Senator Carl Levin who said that the information he provided to the Senate subcommittee on banking that he headed was accurate, and enabled the subcommittee to initiate its investigation into the practices of UBS.

He received another letter of support from Robert Khuzami, Director of the Division of Enforcement of the Securities and Exchange Commission (SEC), who said that Birkenfeld's whistleblowing and cooperation with the SEC had resulted in a successful civil suit against UBS that brought \$200 million in penalties to the SEC, while preventing UBS from further violating federal securities laws.^[13]

Two-Tiered Justice System

According to Birkenfeld, the U.S. Treasury loses \$100 billion each year in tax revenues from off-shore tax abuses.^[14]

These are not victimless crimes, as this money could be put to good use in funding education, health care, public transportation and environmental clean-up in the U.S., which is urgently needed.

Birkenfeld's story exposes at once both the corruption and venality of global bankers and the blithe disregard for the common good among America's one percent of earners.

It also shows the two-tiered nature of the U.S. justice system, which goes after whistleblowers while granting impunity to those against whom they blow the whistle.

An even more tragic case than Birkenfeld is that of Daniel Hale, who faced 45 months in jail for leaking documents exposing the criminality of the U.S. drone war, and Julian Assange, who faces the prospect of life in prison for exposing war crimes by leaders who will probably never see the inside of a jail cell that they so richly deserve.

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Notes

1. Bradley Birkenfeld, *Lucifer's Banker: The Untold Story of How I Destroyed Swiss Bank Secrecy* (Austin, TX: Greenleaf Press, 2016), 4.
2. Birkenfeld, *Lucifer's Banker*, 71.
3. Birkenfeld, *Lucifer's Banker*, 174.
4. Birkenfeld, *Lucifer's Banker*, 86.
5. Birkenfeld, *Lucifer's Banker*, 103, 104, 106. Above Bovay was his superior in Zurich, Martin Liechti, and Raoul Weil, managing director of the entire UBS operation worldwide.
6. Birkenfeld, *Lucifer's Banker*, 134, 135.
7. Birkenfeld, *Lucifer's Banker*, 134, 135.
8. Birkenfeld, *Lucifer's Banker*, 173.
9. Birkenfeld, *Lucifer's Banker*, 257.
10. Birkenfeld, *Lucifer's Banker*, 164.
11. Birkenfeld, *Lucifer's Banker*, 231.
12. More recently Downing was Paul Manafort's attorney.
13. Birkenfeld, *Lucifer's Banker*, 241.
14. Birkenfeld, *Lucifer's Banker*, 211.

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