



U.S. Department of Justice

United States Attorney  
Southern District of New York

The Silvio J. Mollo Building  
One Saint Andrew's Plaza  
New York, New York 10007

May 8, 2014

Robert W. Tarun, Esq.  
Rodney Read, Esq.  
Baker & McKenzie LLP  
Two Embarcadero Center, 11th Floor  
San Francisco, CA 94111-3802

Re: Swisspartners Group Non-Prosecution Agreement

Dear Messrs. Tarun and Read:

The agreement set forth herein (the "Agreement") has been approved by the Tax Division, Department of Justice (the "Tax Division").

Based on the voluntary self-reporting, extraordinary cooperation, and voluntary implementation of remedial measures described below, and strictly subject to the terms, conditions, and understandings set forth herein, the Office of the United States Attorney for the Southern District of New York ("this Office") and the Tax Division will not criminally prosecute swisspartners Investment Network AG ("SPIN"), a Swiss-based asset management firm, or certain wholly-owned SPIN Subsidiaries (set forth below) for their participation in a conspiracy to defraud the Internal Revenue Service ("IRS"), file false federal income tax returns, and evade federal income taxes in connection with services that they provided to U.S. taxpayers from in or about 2001 through in or about 2011. The following entities, which are wholly-owned and controlled by SPIN, constitute the SPIN subsidiaries to which this Agreement applies:

- (1) swisspartners Wealth Management AG ("SPWM") – A Zurich-based trust services provider that established, organized, and managed entities, such as foundations and trusts, on behalf of, among others, U.S. taxpayer-clients.
- (2) swisspartners Insurance Company SPC Ltd. ("SIC") – A Cayman Islands-based life insurance carrier that offered life insurance and annuity products to, among others, U.S. taxpayer-clients.
- (3) swisspartners Versicherung AG ("SPV") – A Liechtenstein-based insurance carrier that offered a variety of insurance and annuity products to, among others, U.S. taxpayer-clients.

((1) through (3), collectively, with SPIN, the "Swisspartners Group"). The criminal conduct of the Swisspartners Group is described more fully in the Statement of Facts, attached hereto as

Robert W. Tarun, Esq.  
Rodney Read, Esq.  
Page 2

Exhibit A, which the Swisspartners Group acknowledges and accepts as accurate and which is incorporated by reference herein. This Agreement does not provide any protection against prosecution for any crimes except as set forth above. This Agreement applies only to the entities expressly set forth herein as comprising the Swisspartners Group, that is, SPIN, SPWM, SIC, and SPV, and does not apply to any other entities or any individuals. Pursuant to resolutions of the Boards of Directors of SPIN, SPWM, SIC, and SPV, Martin Egli, Chairman of the Board of Directors of SPIN, is authorized to enter this agreement on behalf of each of these entities and bind these entities to the obligations set forth herein.

This Office has entered into this Agreement based on: (i) the Swisspartners Group's voluntary self-reporting of its criminal conduct to this Office and the Tax Division; (ii) the Swisspartners Group's voluntary and extraordinary cooperation with this Office and the Tax Division, including the Swisspartners Group's production of approximately 110 account files relating to certain U.S. taxpayer-clients who maintained undeclared assets overseas with the assistance of the Swisspartners Group, including documents that provide the identities of these U.S. taxpayer-clients; (iii) the Swisspartners Group's voluntary implementation of various remedial measures beginning in or about May 2008; (iv) the Swisspartners Group's willingness to continue to cooperate with this Office, the Tax Division, and the IRS to the extent permitted by applicable law; and (v) the Swisspartners Group's representation, based on an investigation by outside counsel, the results of which have been shared with this Office and the Tax Division, that the misconduct under investigation did not, and does not, extend beyond that described in the Statement of Facts.

It is understood that the Swisspartners Group: (a) shall truthfully and completely disclose all information with respect to the activities of the Swisspartners Group, its officers and employees, and others concerning all such matters about which this Office or the Tax Division inquires related to this Office and the Tax Division's investigation, which information can be used for any purpose, except as limited by this Agreement, by applicable law; (b) shall cooperate fully with this Office, the Tax Division, the IRS, and any other law enforcement agency so designated by this Office or the Tax Division, except as limited by applicable law; (c) shall consent to the production to the Department of Justice of any document, record, or other tangible evidence, except as limited by applicable law; (d) shall, at this Office or the Tax Division's request, use its best efforts to secure the attendance and truthful statements or testimony of any officer, agent, employee, or former officer, agent or employee, at any meeting or interview or before the grand jury or at any trial or other court proceeding, to the extent permitted by applicable law; and (e) shall commit no crimes whatsoever. It is further understood that the Swisspartners Group will bring to this Office and the Tax Division's attention all criminal conduct by, and criminal investigations of, the Swisspartners Group or its employees that come to the attention of the Swisspartners Group's senior management, as well as any administrative proceeding, civil action or other proceeding brought by any governmental authority in which the Swisspartners Group is a party, related to the operation or management of the Swisspartners Group's business, and excluding routine proceedings. The Swisspartners Group's obligations under this paragraph shall continue until the later of: (1) a period of three years from the date this

Agreement is executed, or (2) the date on which all prosecutions arising out of the conduct described in the opening paragraph of this Agreement are final.

As a result of the conduct described in this Agreement and in the attached Statement of Facts, the Swisspartners Group agrees, pursuant to Title 18, United States Code, Section 981(a)(1)(C) that it will forfeit to the United States \$3,500,000 (the "Forfeiture Amount"), representing certain fees paid to the Swisspartners Group by U.S. taxpayers with undeclared accounts with the Swisspartners Group from January 1, 2001 through approximately April 2012. Payment of the Forfeiture Amount shall be by wire transfer to a seized asset deposit account maintained by the United States Department of the Treasury within three days of the execution of this Agreement. The United States contends, and the Swisspartners Group agrees not to contest, that the facts contained in this Agreement, the civil forfeiture complaint to be filed against the Forfeiture Amount ("Civil Forfeiture Complaint"), and the Statement of Facts are sufficient to establish that the Forfeiture Amount being paid by the Swisspartners Group to the United States is subject to civil forfeiture to the United States and that this Agreement, and the accompanying Statement of Facts, may be attached to and incorporated into the Civil Forfeiture Complaint. By this Agreement, the Swisspartners Group specifically waives service of said Civil Forfeiture Complaint and agrees to entry of a Final Order of Forfeiture against the Forfeiture Amount. Upon payment of the Forfeiture Amount, the Swisspartners Group shall release any and all claims it may have to such funds and execute such documents as are necessary to accomplish the same, including the release of its claim to said funds in a civil forfeiture proceeding brought against said funds.

The Swisspartners Group further agrees to make a restitution payment to the United States in the amount of \$900,000 (the "Tax Restitution Amount"). The Swisspartners Group admits that the Tax Restitution Amount represents the approximate unpaid pecuniary loss to the United States as a result of the conduct described in the Statement of Facts. The Tax Restitution Amount shall not be reduced by payments that have been made or may be made to the United States by U.S. taxpayers through the Offshore Voluntary Disclosure Initiative and similar programs (collectively, "OVDI") before or after the date of this Agreement. The Swisspartners Group agrees to pay the Tax Restitution Amount to the United States by wire transfer within three days of the date of the execution of this Agreement. Other than the total sum of \$4,400,000 (the Forfeiture Amount plus the Tax Restitution Amount) that the Swisspartners Group is required to pay under this Agreement, this Agreement does not require the Swisspartners Group to pay any other fines or financial penalties.

The Swisspartners Group agrees that it shall not file any petitions for remission, restoration, or any other assertion of ownership or request for return relating to the Forfeiture Amount or the Tax Restitution Amount, or any other action or motion seeking to collaterally attack the seizure, restraint, forfeiture, or conveyance of the Forfeiture Amount or the Tax Restitution Amount. Nor shall the Swisspartners Group assist any others in filing any such claims, petitions, actions, or motions. The Swisspartners Group further agrees that the Forfeiture Amount and the Tax Restitution Amount shall be paid separately to the United States, with no offset between the two amounts.

Robert W. Tarun, Esq.  
Rodney Read, Esq.  
Page 4

It is understood that, should it be determined that: (a) the Swisspartners Group committed any crimes during the term of this Agreement; (b) the Swisspartners Group or any of its representatives have given false, incomplete, or misleading testimony or information; (c) the misconduct extended beyond that described in the Statement of Facts; or (d) the Swisspartners Group has otherwise violated any provision of this Agreement, then: (i) the Swisspartners Group shall thereafter be subject to prosecution for any federal offense of which this Office or the Tax Division has knowledge, including perjury and obstruction of justice; (ii) all statements made by the Swisspartners Group's representatives to this Office, the Tax Division, or other designated law enforcement agents, including but not limited to the appended Statement of Facts, and any testimony given by the Swisspartners Group's representatives before a grand jury or other tribunal whether prior to or subsequent to the signing of this Agreement, and any leads therefrom, shall be admissible in evidence in any criminal proceeding brought against the Swisspartners Group and relied upon as evidence to support any penalty imposed on the Swisspartners Group; and (iii) the Swisspartners Group shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom should be suppressed. In addition, any such prosecution that is not time-barred by the applicable statute of limitations on the date of the execution of this Agreement may be commenced against the Swisspartners Group, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecution. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date when this Agreement is signed.

It is further understood that this Agreement does not bind any other federal, state, or local prosecuting authorities other than this Office and the Tax Division. If requested by the Swisspartners Group, this Office and the Tax Division will, however, bring the cooperation of the Swisspartners Group to the attention of such other prosecuting offices or regulatory agencies.

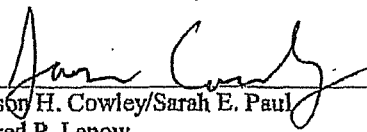
It is understood that this Agreement and the Statement of Facts appended hereto are public documents and may be provided to any person by this Office and the Swisspartners Group.

Robert W. Tarun, Esq.  
Rodney Read, Esq.  
Page 5

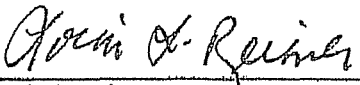
This Agreement supersedes all prior understandings, promises and/or conditions between this Office and the Tax Division, and the Swisspartners Group. No additional promises, agreements, and conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by both parties.

Very truly yours,

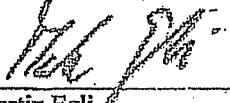
PREET BHARARA  
United States Attorney

By:   
Jason H. Cowley/Sarah E. Paul  
Jared P. Lenow  
Assistant United States Attorneys  
(212) 637-2200

APPROVED:

  
Lorin L. Reisner  
Chief, Criminal Division

AGREED AND CONSENTED TO:  
swisspartners Investment Network AG

By:   
Martin Egli  
Chairman, Board of Directors and  
Authorized Signatory by Resolution  
of the Board of Directors

May 8, 2014  
DATE

[Additional Signatures on Following Page]

Robert W. Tarun, Esq.  
Rodney Read, Esq.  
Page 6

AGREED AND CONSENTED TO:  
swisspartners Wealth Management AG

By: Martin Egli  
Martin Egli  
Authorized Signatory by Resolution  
of the Board of Directors

May 8, 2014  
DATE

AGREED AND CONSENTED TO:  
swisspartners Insurance Company SPC Ltd.

By: Martin Egli  
Martin Egli  
Authorized Signatory by Resolution  
of the Board of Directors

May 8, 2014  
DATE

AGREED AND CONSENTED TO:  
swisspartners Versicherung AG

By: Martin Egli  
Martin Egli  
Authorized Signatory by Resolution  
of the Board of Directors

May 8, 2014  
DATE

APPROVED:

Robert W. Tarun, Esq.  
Rodney Read, Esq.  
Baker & McKenzie LLP  
Attorneys for the above Swisspartners Group entities

May 8, 2014  
DATE