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Indian-American Man Indicted for Tax Evasion

Vaibhav Dahake, an Indian-American businessman was indicted for conspiring to evade taxes. He allegedly did so by maintaining his assets in offshore banks in the British Virgin Islands and India between 2001 and 2010 without reporting them to the IRS.

The indictment that was returned in New Jersey said that employees of a bank based in England helped Dahake hide his assets. Although the identity of the bank was not revealed in the indictment, according to the Wall Street Journal, insiders say it is HSBC Holdings PLC. The indictment was worded, “This was one of the largest international banks in the world and was headquartered in England.”

Dahake worked as a principal in an IT business and originated from India but became a US citizen in 2006.

The bank maintained a US service called NRI Services that sold offshore banking services to US citizens of Indian descent. The indictment went on to state that through the NRI services, the bank “encouraged U.S. citizens to open undeclared bank accounts in India.”

In 2001, Dahake received a letter from the bank promoting their bank

accounts in India with high interest rates. In response, Dahake met with a banker attached to the bank's New York office to discuss starting such an account. The banker informed Dahake that the advantages were that no forms were required, Dahake did not have to provide his Social Security number and the money in the account would not be taxable in India.

Another banker also allegedly advised Dahake not to deposit large amounts of money into the bank all at once, as he would have to declare the transfers to the US Customs if they exceeded \$10,000. There were another 5 unidentified bankers who were co-conspirators with Dahake cited in the indictment. They were 3 Americans and 2 Indians based in Mumbai.

On the other hand, HSBC spokeswoman Juanita Gutierrez commented on the indictment said, "HSBC does not condone tax evasion and fully supports the U.S. efforts to promote appropriate payment of taxes by U.S. taxpayers."

Dahake's lawyer described the indictment as 'most regrettable' and questioned its timing, bearing in mind the IRS is contemplating another voluntary disclosure program where taxpayers who have been evading taxes using offshore accounts would be given the opportunity to declare their assets without facing criminal prosecution.

Dahake could face up to 5 years in prison and a fine of \$250,000.