

Manafort Raid Could Indicate Suspected FBAR Violations

Posted on Aug. 10, 2017

By Stephanie Cumings

An FBI raid into the home of President Trump's former campaign manager, Paul Manafort, could indicate that he is suspected of violating the Bank Secrecy Act, possibly by failing to file federal bank account reports, practitioners say.

The July 26 raid targeted tax documents and foreign banking records, according to an August 9 report from *The New York Times*.

Josh O. Ungerman of Meadows, Collier, Reed, Cousins, Crouch & Ungerman LLP said the FBI is likely working in conjunction with the IRS Criminal Investigation division in the matter, and that at this stage in the investigation, "one would expect that the IRS is looking for unfiled or incomplete FBAR forms, in addition to unfiled or incomplete IRS information returns, and unreported or partially reported income from the unreported assets."

Kevin F. Sweeney of Chamberlain, Hrdlicka, White, Williams & Aughtry said that sometimes tax documents are used to prove something in a nontax case, but the inclusion of foreign banking records suggests that the federal government suspects there are bank accounts with foreign income that wasn't reported. Sweeney said it's also possible that in addition to failing to file an FBAR, the government could be looking into whether there was an active attempt to conceal income from the government. "If that's the case, then there could be tax evasion, and if other people helped in that regard, then there could be some sort of conspiracy to defraud the United States government," he said.

A spokesperson for the Justice Department declined to comment on the raid, including whether CI was involved.

Manafort has been connected to several investigations, including a meeting between one of the president's sons and Russians during the presidential campaign, along with his work for the Ukrainian government.

"The case becomes much more serious when the tool of a search warrant is implemented in order to preserve a snapshot of the potential evidence on the day of the search and seizure," Ungerman said. In cases of noncompliant offshore assets, he said, the IRS can pursue either a civil examination or even an IRS criminal administrative case but that "out of all the options available, a grand jury and search warrant are the most serious combination."

The search was conducted by investigators for Robert Mueller, the special counsel investigating Russian meddling in the 2016 election, and was first reported by *The Washington Post*, which said that the "search warrant was wide-ranging and FBI agents working with [Mueller] departed the home with various records."

Sweeney noted that in July, the *Times* reported that financial records filed last year in Cyprus indicated that Manafort had been in debt to pro-Russia interests before he joined the Trump campaign. Sweeney said that based on the article, it's possible Manafort could have beneficially owned some companies overseas with bank accounts, and the government may be looking to see whether those interests were reported in FBAR filings and tax returns. He said it's also possible that the government is investigating whether the loans referenced in the article were truly loans or income disguised as loans for tax evasion purposes.

It's also been reported that Manafort had been voluntarily providing documents to congressional committees investigating Russia's interference in the election. "Despite the fact that he's been allegedly voluntarily producing documents, the government seemed to think that asking for those documents wasn't enough," Sweeney said. "They must have some suspicion that the records, if they'd asked for them, would have been destroyed or not produced."