

April 22, 2010

The President
The White House
Washington, D.C.

Dear Mr. President:

I am writing to you today on behalf of Mr. Bradley Birkenfeld, who blew the whistle on the illegal offshore banking by the Swiss bank UBS. However, I write in support of Mr. Birkenfeld's commutation petition from the perspective of someone whose family *had* an undeclared Swiss bank account and has now come forward to the U.S. Government.

My purpose in writing this letter is out of a deep concern, not just for Bradley Birkenfeld, but also for all parties touched by the negative aspects of banking secrecy. Past acceptable practices should not continue when they harm society and will continue to cause harm in the future. Banking secrecy results in crime, which amounts to stealing from hard-working American taxpayers as well as other taxpayers around the world. If Bradley Birkenfeld remains in jail, no one else will come forward; more significantly, we could lose the valuable information he retains. Without information from these invaluable persons – the insiders blowing the whistle – American taxpayers are robbed out of their hard-earned money. This is a result we cannot afford when the United States is still facing its toughest economic struggle since the Great Depression.

I also write from a place of extreme remorse over my own participation in bank secrecy as well as thankfulness for the courage and determination of Mr. Birkenfeld. His public situation certainly led to my 90-year-old father's voluntary disclosure process (with my assistance) that was initiated in Zurich in July of 2008 (he was 88 then). Before that time, we only asked UBS bankers and my father's Swiss lawyer to explain the voluntary disclosure process. They lied to us about both the penalty and return, which was described as only netting 12%. The public information on Voluntary Disclosure is very limited and even misleading.

Despite the present situation, I still have a sense of trust that you and the leadership within the SEC, IRS and U.S. Department of Justice have the nation's interests at heart and are possibly agonizing over Mr. Birkenfeld's situation. Even based on my limited perspective, we cannot kid ourselves about how large and complex the issue of offshore banking has become nor its deep roots.

My father, Peter, is a First Generation American who was born in 1920 in Manchester, United Kingdom and came to the United States with his parents in 1926. Upon settling down in San Francisco in 1927, my grandparents and father lived in the attic of an African-American family, and my father became the first income-earner by selling newspapers from streetcar to streetcar. He could not afford school uniforms for the first year of school and because of his English schoolboy uniform he was physically assaulted each day as he passed through an Irish neighborhood.

Often, life traumas and even certain personality dispositions lend to a lack of trust. Secret foreign bank accounts can provide these people with what seems like a sense of security. Yet, these accounts can also lead to further self-deception. Even with my father's conservative withholdings and stoic lifestyle, while hitch-hiking to work six days a week until the age of 86, he is not innocent or fundamentally different than any other tax evader. It all becomes rationalized in a fabricated family mythology.

The genesis of our family's involvement in overseas accounts, though principally involving my father, began with my grandfather, Sydney. His brother, John, helped him get into the export industry at Getz, but Sydney eventually progressed to be an export sales manager of Hills Brothers Coffee in San Francisco in the 1930's. Sydney Rhodes conducted business with both Europe and Asia as well as developed a friendship with a Swiss firm in Manila, F.E. Zuellig, and with Dr. F.E. Zuellig himself.

Prior to World War II, my father worked three jobs in order to fund his studies at Stanford. Yet, he was drafted into the Army long before the attack on Pearl Harbor because it took 20 years to become naturalized at the time. P. J. Rhodes & Co. then started in 1946. From the late 1940's until the mid-1970's, my father was a de facto U.S. sourcing agent for F.E. Zuellig in the Philippines as well as other South East Asian countries. Though our family's initial offshore account may have opened in the 1950's, it likely coincided with significant loans made to our father in 1964 as well as Zuellig activity in the 1960's.

An American Apology

The timing of Mr. Birkenfeld's disclosure has afforded our family, and me as an individual, the opportunity to unravel both the trauma and transgressions of my father's life while he is still here. Due to my significant role in the business, I became the most knowledgeable of the siblings about my father's transactions.

Until we reviewed all the documents over the last few years, those of us in the business never knew precisely the multifaceted way in which my father siphoned money to Swiss undisclosed accounts. We are sure that some of these funds were connected with business payments to Zuellig in the Philippines. This specific activity ended in around 1994 when we were deemed an unnecessary layer in the pharmaceutical business to Zuellig Pharma, Philippines.

I personally worked on these transactions. While the Zuellig family steered clear of trouble and kept a low profile in the Philippines, and despite being disciplined, honest and hard working, their involvement with Swiss banking had disastrous consequences for that country. It does not take a rocket scientist to look at Stephen Zuellig as special advisor to the current President of the Philippines, and the strange and bizarre inability of the PCGG to go after plunderers of their treasury, or the plus 90 cases somehow Imelda Marcos has won in that country. When money talks too loud, it is justice which wears a shroud.

In truth, the former CFO of the Zuellig company, Herminio Disini, was veritably the main architect of the offshore looting of both Ferdinand and Imelda Marcos. Though the Chinese and Filipino Chinese businessmen may have their own methods of channeling money to Hong Kong and other Asian banking outposts, the vast majority of private banks were Swiss. Mr. Disini's particular role is ever attached to his experiences and connections in the original F.E. Zuellig outfit.

While P. J. Rhodes & Co. had its small part in undisclosed accounts, my father had the wisdom to avoid all other grand schemes. For instance, he even turned down Mr. Disini's request that my father become a middle-man in the Bataan Nuclear Power Plant disaster.

Mr. President, as health care reform becomes an ever-increasing problem in the United States, it is imprudent to continue to turn a blind eye to past considerable U.S. tax evasion by companies such as Zuellig Pharma, which controls 80% of the Philippine market. There are significant economic reasons as to why we have depended on this "House of Zuellig" business, especially in the Philippines. While there is likely nothing structurally wrong with their efficient presence in Asia, we cannot be beholden to such principalities. The pattern which had been set in the Pharmaceutical industry, both large and small siphoning, is likely a pattern existent today, and parallel to other mainstream wellsprings for private banking; Oil, Tobacco, Military Contracting.

In addition to my own personal apology for being involved in this, I would also like to share that it would be an impossibility of conscience for me NOT to follow Bradley's good example. For my whole life my father had included me in a two generations fear and rationalization of theft in the face of the IRS. In December of 2007, as my family gathered for a Christmas celebration there was a young Filipina IRS agent who had disappeared on Mt. Tamalpais, Veronica Ruiz. It touched a deep part of me, and one of my brothers, and my wife nearly volunteered to search for her. In January of 2008, her body was found and it turned out to be a suicide. Mt. Tamalpais is the mountain I grew up hiking on, how could I for the rest of my life, sit at Thanksgivings and Christmas dinners and not think of the IRS, hard working Filipinos, and the humanity of all government officials who are struggling just like we are. Does anyone understand the massive and stressful undertaking which Mr. Birkenfeld decided to make, and the deep feelings and conflicts he must have felt, nearly uprooting his whole life? Though Veronica Ruiz likely had an entirely different set of circumstances, it is very true this war mania which we experienced 2001-2008 (for principally good reasons to begin with), had somewhat of an effect for those who wanted to "speak up". We will never know what Veronica wanted to say, but we can take Mr. Birkenfeld's example and go on from here.

<http://abcnews.go.com/US/story?id=4142074&page=1>

In "my" speaking up, it is an allegory of "not fearing" but "loving" the IRS, they are at the end of the day, just me, or you...and there has to be a kind of middle.

We must make some kind of apology to Bradley Birkenfeld for his imprisonment after he attempted to do the right thing. This apology is even more desirable given the continued practices of individuals and companies to continue illegal undisclosed accounts despite my father's actions. I am willing to bear the brunt of this apology, or help others if this is indeed the right time, but it is unconscionable that Mr. Birkenfeld spends any more time in jail.

Typically, no one would suggest that a family in its twelfth consecutive year of business losses would applaud Mr. Birkenfeld for his actions. However, this process that Mr. Birkenfeld began has helped me have a clearer understanding of what this country is about and the responsibilities of American citizenship. I urge you to consider the message that this practice sends to U.S. citizens and companies that hold undisclosed accounts. Even from the perspective of my family, who held undisclosed Swiss accounts, we request that you provide whistleblowers with a sense of security that the United States government will protect them in the future. That is why I call on you, President Obama, to support the immediate commutation of Mr. Birkenfeld's prison sentence to time-served.

Sincerely,

A handwritten signature in cursive script that reads "William S. Rhodes".

William S. Rhodes

Cc:
Senator Max Baucus