

Reuters Reporting

BOLOGNA, Italy (Reuters) - An Italian judge ruled on Tuesday that Raoul Weil, the ex-UBS banker wanted in the United States over allegations of helping Americans dodge taxes, must remain in custody while awaiting possible extradition, a judicial source said.

The decision was taken by a judge of the Court of Appeal in Bologna, where Weil, a Swiss citizen and former head of UBS's global wealth management business, was arrested by Italian police on Saturday.

Dressed in casual trousers and a blue jacket and appearing unshaven, the 53 year-old banker was escorted in handcuffs into the court building by police officers to attend a closed-door hearing that started at 0830 GMT.

Weil was accompanied by his wife and his Italian lawyers, who declined to comment.

He was taken back by police van to the local Dozza jail after the hearing, which ended at around 1130 GMT.

The judicial source told Reuters that the United States now has 40 days to send the Italian judiciary a formal request for Weil's extradition.

If the United States makes the request Italian judges at the Court of Appeal will assess at a further hearing whether Weil must be sent to the United States to face trial.

The source also said that the Italian lawyers for Weil had asked for the banker to be put under house arrest, with electronic tagging, while awaiting possible extradition but that no decision on this request had yet been taken.

Weil was charged in the United States in November 2008 for

conspiring to help 17,000 Americans hide assets worth \$20 billion in Swiss bank accounts and declared a fugitive a few months later after failing to surrender to authorities.

In 2009, UBS, the world's largest wealth manager by assets, was fined \$780 million and agreed to hand over the names of U.S. clients with secret Swiss bank accounts to avoid facing criminal charges. The deal with the United States marked an historic break with Switzerland's tradition of bank secrecy.

Weil, who is the subject of an international arrest warrant, checked in with his wife at the 'I Portici' hotel in central Bologna on Friday.

The hotel, as is customary in Italy, passed on Weil's identity details to the local police, triggering an alert and prompting the police to arrest him early on Saturday, police sources said.

Reuss Private Group, a Swiss wealth management firm where Weil is chief executive, said the banker had been arrested while making a private visit to Italy and disputed the U.S. charges.

Italy has cooperated with the United States in the past except over crimes that carry the death penalty, which is banned in Italy. Under U.S. law a conviction for tax evasion may result in fines and imprisonment.

A UBS spokesman said on Monday Weil, who became the head of its global wealth management business in 2007 and sat on the bank's board, was discharged from his duties when he was indicted.

He joined Reuss Private Group in 2010 as a consultant and became chief executive at the beginning of this year.