

‘Pandora Papers’ reveal billionaires’ billions of dollars hidden beyond reach

Financial trove details records of 130 people listed as billionaires by Forbes magazine and more than 330 public officials in more than 90 countries and territories, twice the number found in the Panama documents.

A massive trove of private financial records shared with The Washington Post exposes vast reaches of the secretive offshore system used to hide billions of dollars from tax authorities, creditors, criminal investigators and — in 14 cases involving current country leaders — citizens around the world.

The revelations include more than \$100 million spent by King Abdullah II of Jordan on luxury homes in Malibu, Calif., and other locations; millions of dollars in property and cash secretly owned by the leaders of the Czech Republic, Kenya, Ecuador and other countries; and a waterfront home in Monaco acquired by a Russian woman who gained considerable wealth after she reportedly had a child with Russian President Vladimir Putin.

Other disclosures hit closer to home for U.S. officials and other Western leaders who frequently condemn smaller countries whose permissive banking systems have been exploited for decades by looters of assets and launderers of dirty money.

The files provide substantial new evidence, for example, that South Dakota now rivals notoriously opaque jurisdictions in Europe and the Caribbean in financial secrecy. Tens of millions of dollars from outside the United States are now sheltered by trust companies in Sioux Falls, some of it tied to people and companies accused of human rights abuses and other wrongdoing.

The details are contained in more than 11.9 million financial records that were obtained by the International Consortium of Investigative Journalists (ICIJ) and examined by The Post and other partner news organizations. The files include private emails, secret spreadsheets, clandestine contracts and other records that unlock otherwise impenetrable financial schemes and identify the individuals

behind them.

The trove, dubbed the Pandora Papers, exceeds the dimensions of the leak that was at the center of the Panama Papers investigation five years ago. That data was drawn from a single law firm, but the new material encompasses records from 14 separate financial-services entities operating in countries and territories including Switzerland, Singapore, Cyprus, Belize and the British Virgin Islands.

The files detail more than 29,000 offshore accounts, more than double the number identified in the Panama Papers. Among the account owners are more than 130 people listed as billionaires by Forbes magazine and more than 330 public officials in more than 90 countries and territories, twice the number found in the Panama documents.

As a result, the Pandora Papers allow for the most comprehensive accounting to date of a parallel financial universe whose corrosive effects can span generations — draining significant sums from government treasuries, worsening wealth disparities, and shielding the riches of those who cheat and steal while impeding authorities and victims in their efforts to find or recover hidden assets.

“The offshore financial system is a problem that should concern every law-abiding person around the world,” said Sherine Ebadi, a former FBI officer who served as lead agent on dozens of financial-crimes cases.

Ebadi pointed to the role that offshore accounts and asset-shielding trusts play in drug trafficking, ransomware attacks, arms trading and other crimes. “These systems don’t just allow tax cheats to avoid paying their fair share. They undermine the fabric of a good society,” said Ebadi, now an associate managing director at Kroll, a corporate investigations and consulting firm.

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The Post is publishing eight articles based on material in the Pandora trove. Stories being published Sunday focus on revelations about Abdullah and Putin. Stories on Monday will more closely explore U.S. aspects of this system, including the harm caused by U.S. tax havens and how Americans accused of wrongdoing can escape financial consequences by using offshore entities. In subsequent days,

stories will examine the looting of Asian artifacts, survey the hidden wealth of billionaires who appear in the files, and trace the impact of U.S. sanctions on Russian oligarchs.

These are part of a global package of stories based on the Pandora Papers — a project involving 150 news organizations in 117 countries and territories. The package includes reports by the BBC and the Guardian that reveal new details about foreign donors contributing millions to British Prime Minister Boris Johnson’s Conservative Party. The ICIJ has collaborated with foreign partners on stories about a scandal-plagued Catholic order in Mexico, millions of dollars held offshore by members of Pakistani Prime Minister Imran Khan’s government, as well as the secret holdings of leaders from Europe to Latin America.

The vast majority of the documents are marked with dates indicating they were created between 1996 and 2020, though some date to the 1970s. With many documents dated as recently as last year, the cache illuminates how the offshore system — a term from the time when remote islands were the principal havens for hiding cash — has endured the scandals and efforts at reform that followed prior investigations.

The records include dozens of memos and messages discussing ways to defeat new transparency laws, erect more-ironclad shelters for assets and, ironic as it may sound in this context, avoid being exposed by another leak.

Executives at a politically connected Panama City law firm, for example, mentioned in a 2016 email “numerous requests from clients to confirm the security of our information systems” after the Panama Papers stories, according to documents. The executives scrapped plans to convert paper records to digital storage, hoping to reassure wary clients.

Nevertheless, internal records from the Alemán, Cordero, Galindo & Lee firm, known as “Alcogal,” represent one of the largest caches in the Pandora collection, exposing more high-profile clients than documents from the other 13 firms and accounting for some of the trove’s most significant revelations.

In a statement, Alcogal said, “We have always acted according to the law, and have cooperated in all respects with competent authorities.”

The Panama Papers stories five years ago led to the resignations of the leaders of Iceland and Pakistan. There could be political stakes for some of those named in the Pandora documents.

Andrej Babis, the Czech prime minister, who is up for reelection this week, is a billionaire politician who has cast himself as a populist adversary of Europe's elite. But the documents show that in 2009 he purchased a \$22 million chateau near Cannes, France, with a cinema and two swimming pools, using shell companies that hid the identity of its new owner. Babis did not respond to requests for comment.

In Kenya, President Uhuru Kenyatta has cultivated the persona of a determined foe of corruption, saying in 2018 that "every public servant's assets must be declared publicly." But Pandora documents show that he and several close relatives set up at least seven entities offshore that hold money and real estate worth more than \$30 million. Kenyatta did not respond to requests for comment.

Other world leaders linked to offshore accounts found in the Pandora trove include President Milo Djukanovic of Montenegro, President Sebastián Piñera of Chile and President Luis Abinader of the Dominican Republic. There are revelations about the offshore holdings of Sri Lankan power couple Thirukumar Nadesan and Nirupama Rajapaksa; and Dubai ruler Mohammed bin Rashid al-Maktoum.

But the newly revealed details about offshore assets held by King Abdullah of Jordan, a long-standing U.S. ally, are particularly striking. Documents show that he used a constellation of shell companies to conceal purchases of luxury properties in California, London and the Georgetown neighborhood of Washington, D.C.

The disclosures come as Abdullah is facing political turmoil, including an alleged coup plot this year, in a kingdom that depends on billions of dollars in aid from the United States and other countries. DLA Piper, a law firm representing Abdullah, said that "any implication that there is something improper about (his) ownership of property through companies in offshore jurisdictions is categorically denied."

The Panama Papers leak was particularly revelatory about Russians' use of the offshore system. One story reported that a Russian cellist, who had been friends with Putin since childhood, was secretly linked to offshore accounts holding up to \$2 billion.

Putin called that leak a "provocation," insinuating that U.S. intelligence agencies

were involved as part of an effort to discredit the Russian financial system and punish the Russian leader by targeting his inner circle. U.S. officials denied the allegation.

This time, although Russians account for a disproportionately large share of those exposed in the Pandora files, the records are more wide-ranging, laying bare the hidden riches of U.S. adversaries and allies alike.

Those named in the trove are as varied as former British prime minister Tony Blair, Colombian pop star Shakira, members of China's elite and figures in Saudi Arabia's royal family.

The United States' wealthiest citizens — including Amazon founder Jeff Bezos, who owns The Washington Post; Tesla founder Elon Musk; Microsoft billionaire Bill Gates; and billionaire investor Warren Buffett — do not appear in the documents.

Financial experts said the uber-rich in the United States tend to pay such low tax rates that they have less incentive to seek offshore havens. But their absence from the files also may mean that very wealthy Americans turn to different offshore jurisdictions — including the Cayman Islands — and different companies than those represented in the Pandora documents.

There are files pertaining to former president Donald Trump's involvement in a Panama hotel project. But the Pandora documents do not appear to reveal significant new information about his finances.

Robert Smith, who is often described as the United States' richest Black person, is perhaps the wealthiest American whose offshore holdings are detailed extensively. Smith agreed last year to pay a fine of \$139 million and admitted hiding funds offshore and submitting false tax records as part of a non-prosecution agreement with the Justice Department. The agreement calls for Smith to cooperate in a separate case against Robert Brockman, a Texas billionaire who backed Smith financially and has been charged with hiding \$2 billion in income. Smith declined to comment for this story.

The files also help to illustrate how even respected U.S. institutions can become entangled in allegedly tainted transactions. The documents trace how an art trader accused by the Justice Department of trafficking in looted Cambodian

antiquities used an offshore trust in transactions involving those items. The trader, Douglas Latchford, died last year, but relics that he or his associates moved remain on display at the Metropolitan Museum of Art in New York City and other museums.

Perhaps the most troubling revelations for the United States, however, center on its expanding complicity in the offshore economy. South Dakota, Nevada and other states have adopted financial secrecy laws that rival those of offshore jurisdictions. Records show leaders of foreign governments, their relatives and companies moving their private fortunes into U.S.-based trusts.

In 2019, for example, family members of the former vice president of the Dominican Republic, who once led one of the largest sugar producers in the country, finalized several trusts in South Dakota. The trusts held personal wealth and shares of the company, which has stood accused of human rights and labor abuses, including illegally bulldozing houses of impoverished families to expand plantations.

Despite the scandals and reforms triggered by previous revelations like those in the Panama Papers — which led to new transparency laws in the British Virgin Islands and other tax havens — the Pandora trove highlights the enduring demand for mechanisms to hide money and the continuing abundance of firms to provide them.

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Trident Trust, a firm that operates in more than a dozen offshore jurisdictions, mounted an effort in 2016 to recruit account holders fleeing Mossack Fonseca, the Panama City law firm that collapsed after its internal records and client lists were exposed in the Panama Papers case, according to Pandora documents.

In a statement, Trident said it “does not discuss its clients with the media” but “is fully committed to compliance with all applicable regulations.”

Alcogal touts itself online as a “top tier” practice with high ethical standards. It was founded in 1985 by Jaime Alemán, who attended private high school and universities in the United States, served as Panama’s ambassador in Washington,

and wrote a book titled “Honesty Is Priceless.”

The firm has become a major purveyor of services that help elite clients hide wealth offshore. Nearly half of the politicians whose names surfaced in the Pandora trove were clients of Alcogal, the documents show. Among them are former Panamanian presidents, the president of Ecuador, a leading candidate in next month’s Honduran election and Abdullah.

Despite international standards calling on firms to apply extra scrutiny when they take on politicians, government officials or those close to them as clients, intake forms show that Alcogal at times did not mark even country leaders as “politically exposed persons,” or PEPs.

In its statement, Alcogal said it was inaccurate “to imply that we have not classified certain individuals as PEPs, where in fact we have.” The firm declined to address specific cases. Overall, the company said, “We have always acted according to the law, and have cooperated in all respects with competent authorities.”

At times, financial advisers pushed Alcogal to do even more to protect the identities of their clients.

Jurg Wissmann, a Swiss lawyer who has represented Putin associates and used Alcogal to set up at least 150 companies in Belize and other tax havens, warned officers at Alcogal never to store any of his clients’ names on computer systems, according to documents.

“You are obliged to keep secrecy for our clients,” he wrote, “and to not make feasible at all a second Panama Papers story.” Wissman did not respond to requests for comment.

Only a few of Wissmann’s clients are named in the Pandora documents.

Source:

<https://vancouver.sun.com/news/world/pandora-papers-unveil-billions-hidden-beyond-reach/wcm/c74e65b3-f566-4297-85fc-d39df42a5771>

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