
Pandora Papers: But Where are the North Americans?

By: Arnaldo Musa / Special for CubaSi

11/10/2021



I remember that when tycoon Pedro Pablo Kuczynski was running for the Peruvian presidency, he had a process open for money laundering, but it was closed without explanation with the apparent purpose of preventing his opponent Keiko Fujimori – also from the right-wing- from taking advantage of the circumstances and win the elections.

Today, the former Peruvian president continues to be pointed for money laundering, but along with 329 other politicians from 90 countries, with greater prominence in Latin America and three current leaders, Sebastián Piñera, from Chile; Mario Abdo Ramírez, from Paraguay, and Guillermo Lasso, from Ecuador, as well as former Argentine President Mauricio Macri.

This was the result of what is now known as The Pandora Papers, which recalls the mythical Pandora's Box, which contained all the evils of the world. It's a leak of nearly 12 million documents and files exposing the wealth and secret deals of world leaders, politicians, and billionaires.

The data was obtained by the International Consortium of Investigative Journalists (ICIJ) in Washington DC and has triggered one of the most important global investigations in history. More than 600 journalists from 117 countries have analyzed the hidden fortunes of some of the most powerful people on the planet, but none from the United States, the hidden sponsor of the brew, which exposes and even sacrifices allies for various reasons.

The files expose how some of the most powerful people in the world use secret offshore companies to hide their wealth.

Lakshmi Kumar, the U.S. Global Financial Integrity think tank explained that these people "can channel and divert money and hide it", often through the use of anonymous companies.

Pandora Papers reveal complex networks of companies that are established across borders, often resulting in hidden ownership of money and assets.

OFFSHORE

For example, someone can have a property in the United Kingdom, but own it through a chain of "offshore" companies, that is, based in other countries or territories where it's easy to create companies, there are laws that make it difficult to identify their owners and there's little or no corporate tax.

These destinations are often referred to as tax havens or secret jurisdictions, and the best known include the British Overseas Territories such as the Cayman Islands and the British Virgin Islands, as well as countries such as Switzerland, and Singapore.

The loopholes in laws allow people to legally avoid paying some taxes by moving their money or setting up businesses in tax havens, but this is often viewed as unethical.

There are also a number of legitimate reasons why people may want to have money and assets in different countries, such as protection against criminal attacks or protection against unstable governments.

Although having secret assets abroad is not illegal, using a complex network of secret companies to move money and assets is the perfect way to hide crime trials.

There have been repeated calls on politicians to make it difficult to avoid taxes or hide assets, particularly after previous leaks like the Panama Papers.

But the Pandora Papers show that people who could put an end to secrecy abroad are benefiting from it. So there's no incentive for them to finish it.

All you need to do is set up a shell company in one of the countries or jurisdictions with high levels of secrecy, an entity that exists only in name, with no staff or office. However, it costs money.

Specialized companies are paid to establish and manage shell entities on their behalf. These firms can provide a forward address and names of paid directors, thus leaving no trace of who is ultimately behind the business.

LOST TAXES

The International Monetary Fund has said that the use of tax havens costs governments around the world up to \$ 600 billion in lost taxes each year.

This is harmful to the rest of society, because the ability to hide money affects access to education, health and a home.

Money launderers can use the property to conceal illicit funds, while criminal investigations are often hampered because the police cannot see who ultimately owns the property.

The billions of dollars left out from public taxes due to criminal activities like corruption, money

laundering, and tax evasion could finance efforts against COVID-19 and climate change, as well as boosting the fight against poverty and in favor of sustainable development.

According to a report prepared by the High Level Panel on International Financial Accountability, Transparency and Integrity to achieve the 2030 Agenda (FACTI Panel), a tenth of the world's wealth could be hidden in offshore financial assets, which would prevent the fair collection of taxes imposed by governments.

In this way, at present money laundering would reach up to 2.7% of the global Gross Domestic Product each year and corporations would deprive governments of nearly 600 billion dollars also annually using tax havens.

The High Level Panel was established in March 2020 to analyze regulatory and implementation gaps and deficiencies that facilitate the global movement of illegal money flows from corruption, money laundering and tax evasion activities.

These flows represent a robbery for the countries because with them they could progress towards a sustainable development that leaves no one behind.

Furthermore, illegal activities undermine trust in institutions, contribute to increased poverty and, in the current conjuncture, also diminish resources to face the COVID-19 pandemic and the climate crisis.

The Panel's work was carried out as the pandemic progressed, wreaking havoc on health and economies, exacerbating inequality, and highlighting the need for greater public resources to invest in recovery and restore confidence in national and international governance.

Corruption impedes economic development, stifles entrepreneurship and dampens investment, said the United Nations Secretary-General Antonio Guterres.

WHAT A COINCIDENCE!

The millions of documents about clients in tax havens have one thing in common: companies and individuals from the United States (U.S.) are not on the list of those related. Several media analyzed the reasons behind this peculiarity.

North Americans are present in many tax havens and tax evasion is nothing new for the U.S. economy, states the Political newspaper. However, the leak of the Panamanian legal company Mossack Fonseca does not contain data on North American clients.

Some analysts believe that U.S. citizens are more competent in concealing their transactions, and the core of the matter lies in their national preferences and changes in global financial policy.

Rich North Americans often hide their money in other tax havens, such as Bermuda, the Cayman Islands, or the British Virgin Islands. All these territories have English as their official language and legislation directly derived from Anglo-Saxon law, which facilitates contacts with customers from the United States.

In addition, there are ideal places within the U.S. such as the states of Delaware and Nevada that allow you to easily create shady companies, which is why the North American country is already on the lists of the largest tax havens.

The subject is impossible to cover in a comment that is already long, but there's still a doubt about the possible punishment of criminals, because in addition to the few individuals we mentioned, "there are large financial organizations and international corporations that evade taxes," assured to Sputnik the German journalist and financial expert, Ernst Wolff.

But, in general, the world of finance is not interested in weakening tax havens, and the media - controlled, sometimes, by large financial institutions - would not deal with such disclosures without incentive either, Wolff said.

Already with the previous Panama Papers scandal, the U.S. continued its assault on certain tax havens in an attempt to damage its reputation and attract more capital to its own similar financial centers, such as those of Nevada, Delaware, South Dakota and others.

There are laws that punish all this great crime, but the intricacies to avoid them - worthy of another comment - make this crime go unpunished.

Translated by Amilkal Labañino / CubaSí Translation Staff
