

Panama Papers leak triggers tax evasion probes across the world

Governments across the world began investigating possible financial wrongdoing by the rich and powerful on Monday after a leak of four decades of documents from a Panamanian law firm that specialised in setting up offshore companies.

The "Panama papers" revealed financial arrangements of global politicians and public figures including friends of Russian President Vladimir Putin, relatives of the prime ministers of Britain, Iceland and Pakistan, and the president of Ukraine.

While holding money in offshore companies is not illegal, journalists who received the leaked documents said they could provide evidence of funds hidden for tax evasion, money laundering, sanctions busting, drug deals or other crimes.

The law firm, Mossack Fonseca, which says it has set up more than 240,000 offshore companies for clients around the globe, denied any wrongdoing and called itself the victim of a campaign against privacy.

The Kremlin said the documents contained "nothing concrete and nothing new" while a spokesman for British Prime Minister David Cameron said his late father's reported links to an offshore company were a "private matter".

Iceland's Prime Minister Sigmundur Gunnlaugsson could not immediately be reached for comment on the naming of his wife in connection with a secretive company in an offshore haven, which brought opposition calls for him to resign.

Pakistan denied any wrongdoing by the family of Prime Minister Prime Minister Nawaz Sharif after his daughter and son were linked to offshore companies. Ukrainian President Petro Poroshenko did not comment on his reported offshore links.

Australia, Austria, France, Sweden and the Netherlands were among countries which said they had begun investigating the allegations, based on more than 11.5 million documents from Mossack Fonseca.

Banks came under the spotlight for allegedly helping clients hide their funds offshore.

The documents, covering a period from 1977 until last December, were leaked to more than 100 news organisations around the world, cooperating with the International Consortium of Investigative Journalists (ICIJ), a Washington, D.C.-based network.

"I think the leak will prove to be probably the biggest blow the offshore world has ever taken because of the extent of the documents," ICIJ director Gerard Ryle said.

"MORALLY UNACCEPTABLE"

Britain's Guardian newspaper said the documents showed a network of secret offshore deals and loans worth \$2 billion led to associates of Putin, including concert cellist Sergei Roldugin, a childhood friend of the president. Reuters could not confirm those details.

Putin's spokesman dismissed the reports, saying they aimed to discredit him ahead of upcoming elections.

"This Putinophobia abroad has reached such a point that it is in fact taboo to say something good about Russia, or about any actions by Russia or any Russian achievements. But it's a must to say bad things, a lot of bad things, and when there's nothing to say, it must be concocted, he said.

The British government asked for a copy of the leaked data, which could be embarrassing for Prime Minister Cameron, who has spoken out against tax evasion and tax avoidance.

His late father, Ian Cameron, a wealthy stockbroker, is mentioned in the files, alongside some members of his Conservative Party, former Conservative lawmakers and party donors, British media said.

Jennie Granger, head of enforcement and compliance at HM Revenue and Customs, said the government would examine the information "and act on it swiftly and appropriately."

Cameron's spokeswoman declined to comment on whether the leader's family had money invested in offshore funds set up by his father, saying it was a "private matter".

The opposition Labour Party's finance spokesman, John McDonnell, tweeted: "Cameron promised and has failed to end tax secrecy and crack down on 'morally unacceptable' offshore schemes, real action is now needed."

The Australian Tax Office said it was investigating more than 800 wealthy Mossack Fonseca clients and had linked more than 120 of them to an associate offshore service provider located in Hong Kong, which it did not name.

DATABASE "HACK"

The head of Mossack Fonseca, Ramon Fonseca, has denied any wrongdoing but said his firm had suffered a successful but "limited" hack on its database. He described the hack and leak as "an international campaign against privacy".

Fonseca, who was up until March a senior government official in Panama, told Reuters the firm had formed more than 240,000 offshore companies.

The papers also showed the use of offshore companies by Pakistani Prime Minister Nawaz Sharif's family, including his daughter Mariam and son Hussain. Pakistani Information Minister Pervez Rasheed denied any wrongdoing on their part.

"Every man has the right to do what he wants with his assets, to throw them in the sea, to sell them, or to establish a trust for them. There is no crime in this in Pakistani law or in international law," Rasheed said.

Media reports also said the leaked data pointed to a link between a member of global soccer body FIFA's ethics committee and a Uruguayan soccer official who was arrested last year as part of a US probe into corruption in the sport.

ANGER

The revelations drew an angry reaction from some quarters. German Economy Minister Sigmar Gabriel questioned the morals of the financial world.

"The greed of the super-rich is connected to the lack of conscience in the banking and financial sector. Both damage the trust in the rule of law. We should not tolerate the fact that one section of society works hard and sticks to the rules while another section cheats society," he told Sueddeutsche Zeitung.

The British-based Tax Justice Network said too many offshore lawyers, accountants and bankers saw it as their role to shield their clients from financial regulations designed to prevent money laundering, tax evasion and corruption.

"Mossack Fonseca has been one of the giants of the offshore world for decades. They had a reputation for extreme secrecy and discretion on their clients' behalf, which needless to say was attractive to many clients engaged in tax evasion, fraud, hiding conflicts of interest, and other white collar crimes," director John Christensen said in a statement.

Panama was one of the most secretive havens in the world, but the international community had done little to force improvements there or in many other jurisdictions, including a network of British overseas territories, it said.

The Central American country has declined to sign up to global transparency rules.

EUROPEAN BANKS PROBED

Austria's financial markets regulator FMA is investigating whether lenders Raiffeisen Bank International and Hypo Landesbank Vorarlberg followed rules against money laundering after they were named in the "Panama Papers".

Raiffeisen said it had complied but could not comment on specific cases. Hypo Landesbank Vorarlberg had no comment.

Norway and Sweden were looking into allegations their banks helped clients set up offshore companies or accounts.

In Ukraine, lawmakers said parliament should investigate allegations President Petro Poroshenko moved his confectionery business, Roshen, to the British Virgin Islands in August 2014 as fighting between Ukraine and pro-Russian separatists peaked.

"It is the height of cynicism to open offshore companies at a time when hundreds of our soldiers are dying," leader of the populist Radical Party, Oleh Lyashko, said. Any investigation could lead to Poroshenko's impeachment, he added.

A senior official from the General Prosecutor's office said there was no evidence the president had committed a crime.

In Brazil, the O Estado de S.Paulo newspaper said politicians from seven parties were named as Mossack Fonseca clients. They included politicians from Brazil's largest party, the PMDB, which broke away from President Dilma Rousseff's coalition last week, but no politicians from her Workers' Party.

(IBN Live)