

JE KINDLE-NOTITIES VOOR:

The Panama Papers: Breaking the Story of How the Rich and Powerful Hide Their Money

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Gratis directe Kindle-preview: https://a.co/dTEj75z

17 Highlights

Highlight (Geel) | Locatie 1006

> The Makhlouf case also demonstrates why the existence of anonymous shell companies poses an existential threat to millions of people. Because they can help dictators to circumvent sanctions imposed by the international community. Because they can help brutal leaders to plunder the countries they rule. And because they allow them to hide these stolen assets in shell companies, although the related account is often located in Switzerland or Luxembourg – in Rami Makhlouf's case at HSBC's Swiss office.

Highlight (Geel) | Locatie 1024

> Makhlouf, Ihab Syrian president Bashar al-Assad's cousin was sanctioned by the EU in May 2011 because he 'funds the regime and helps to suppress demonstrations'. Makhlouf, Iyab Bashar al-Assad's cousin and a Syrian intelligence officer was put on the EU sanctions list because he was allegedly involved in putting down protests. Makhlouf, Hafez This brigadier and former regional head of the Syrian civil intelligence service was sanctioned by the EU, along with his brother, in May 2011. Makhlouf, Rami Said to be Syria's wealthiest man, he was sanctioned by the USA in February 2008, followed by the EU in May 2011. N'Da Ametchi, Jean-Claude The EU placed the banker on its sanctions list in 2011 because he allegedly provided 'funding to the illegitimate government' of the then president of Ivory Coast, Laurent Gbagbo.6 Rautenbach,

Highlight (Geel) | Locatie 1793

> Christophe Ayad, a French colleague, takes us to one side at this meeting. 'Look here,' he says, 'I've found Alaa Mubarak in the data, the son of former Egyptian president Hosni Mubarak.' We have found the next case involving a president. Ayad tells us that he discovered the name of the autocrat's son in the documents of a company called Pan World Investments Inc. We pull up the relevant company folder from the data and click through the documents, year by year, document by document. Nothing unusual, simply a normal offshore business: a certificate of incorporation issued in the British Virgin Islands in 1993, fee invoices, the occasional change in nominee directors. That's all. It seems as if it is still business as usual even in 2011, when Hosni Mubarak is deposed by the Egyptian people and his sons Alaa and Gamal are arrested. The sons are regarded by Egyptians as a prime example of a rapacious elite that enriches itself at the expense of the population at large, sucking the state dry in the process. They are put on trial. Shortly before our meeting in Washington they are convicted of embezzlement. And so, reality and data converge. Alaa Mubarak, the now convicted despot's son, has been the ultimate beneficial owner (UBO) of Pan World for two decades. He retains that position despite the

> Arab Spring, his father's fall from power, his own trial and the negative headlines in the global media. Only in 2013, when the financial authorities in the British Virgin Islands request information about Pan World, does an interesting dialogue develop between Mossack Fonseca's compliance and legal departments. The authorities want information. . . missing information. Alaa Mubarak's name should have triggered alarm bells. His company, Pan World Investments Inc., should have been classed as 'high risk' in an internal review. Instead, Mossfon still rated the shell company as 'low risk' in 2012 – one year after the events of the Arab Spring. Now the head of the legal department warns that they should under no circumstances admit this to the authorities. It would be an admission that 'our risk assessment formula is seriously flawed'.

Highlight (Geel) | Locatie 1810

> After all, Alaa Mubarak is not just some politically exposed person (PEP), writes a colleague from Mossfon's compliance department. He is a sanctioned person, an international outlaw. The EU put the former Egyptian dictator's son on its sanctions list in 2011 'for misappropriation of state funds'.1 Surely such a circumstance would be noticed immediately by a company that assured us in February 2015 – in answer to a query relating to the Commerzbank raid – that it adhered strictly to the 'Know Your Customer' guidelines and that it not only carries out due diligence procedures for all new customers, but that it also makes 'periodic checks and updates on existing customers'.

Highlight (Geel) | Locatie 1847

> A few years previously, Kojo Annan had been involved in some controversial business, namely the scandal surrounding the Iraqi Oil-for-Food Programme. Annan was working for a company that was awarded a multi-million-dollar contract to supervise the delivery of UN relief aid to Iraq (Kofi Annan was the secretary-general of the UN at the time). A British newspaper had already raised critical questions about this back in 1999. The payment methods used by the company to remunerate Kojo Annan had also been discussed at the time. A commission chaired by the former chairman of the Federal Reserve Paul Volcker later concluded that there was 'no evidence' that Annan Senior had profited financially. Neither did it find evidence that Kojo Annan had broken the law, although he had been uncooperative with the commission. Annan's adviser notes in a letter that it is clear from the report 'that the commission presents no evidence or findings of any kind whatsoever that Kojo Annan ever spoke with anyone in the UN or ever tried to influence anyone in the UN to award contracts to any company he was connected with'.

Highlight (Geel) | Locatie 1942

> Dozens of foreign accounts and shell companies owned by Arab autocrats were discovered during the Arab Spring but that was only a fraction of the total in existence. The Libyan government is still searching for Muammar Gaddafi's secret millions. It is a bitter realization for the people: even if they succeed in overthrowing a corrupt leader, it is highly unlikely that they will ever retrieve the state funds he has squirrelled away abroad.

Highlight (Geel) | Locatie 1952

> Deng Jiagui. The name will not mean much to readers in the Western hemisphere but Deng Jiagui is the brother-in-law of the Chinese president Xi Jinping. Very close relatives. According to the data, Deng Jiagui owned two

offshore companies between 2009 and 2011: Wealth Ming International Ltd and Best Effect Enterprises Ltd, both based in the British Virgin Islands.6 That is controversial because of all people, his brother-in-law, the Chinese president, announced a few years earlier that he would crack down on greed and corruption. Both in the lower ranks, the ‘flies’, and in the upper echelons, the ‘tigers’.

Highlight (Geel) | Locatie 1977

A post by our colleague from Le Monde. He has discovered a five-page list in the data that was compiled by and emailed to Mossack Fonseca staff members in 2010. A list that reveals the real owners of dozens of companies. A list full of Russian names. But these are not just any old names. The list includes a close relative of a very well-known Russian oligarch. It includes the son of Sergey Chemezov, who runs the Russian defence company Rostec and who knows Vladimir Putin from their KGB days in Dresden – he has been on the US sanctions list since 2014.8 And

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Highlight (Geel) | Locatie 2031

Many experts, mainly Western ones, believe that the Russian president, whose declared income in 2014 was 7.65 million rubles ($119,000), holds stakes in important major companies through nominees. The Russian analyst Stanislav Belkovsky estimated Putin’s wealth at more than $40 billion back in 2007, although he was unable to prove it. Several similar estimates of Putin’s wealth are making the rounds. They only differ over whether Putin is worth $10 billion, $40 billion or $200 billion USD. Is Putin behind these companies? It would make sense. Our

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Highlight (Geel) | Locatie 3719

However, in 2004 Poroshenko sided with the Orange Revolution. When hundreds of thousands of Ukrainians took to the streets to protest against Yanukovych’s manipulated victory in the presidential elections, Poroshenko’s television station was the only one to report on the demonstrations. In the end, the demonstrators prevailed and the run-off elections were repeated; this time the winner was Viktor Yushchenko, who had been disfigured as a result of a poison attack. He was made president, Yulia Tymoshenko became prime minister and Chocolate King Petro Poroshenko became chair of the National Security and Defence Council, later serving as foreign minister and the minister of trade and economic development. One thing that the protesters in Kiev’s Maidan square demanded was that the 100 richest Ukrainians should no longer be involved in politics. They railed against the country’s elite, against people like Yulia Tymoshenko and Petro Poroshenko. This is an elite that is immensely rich, while 80 per cent of Ukraine’s 48 million residents are living below the poverty line, according to statistics from the United Nations. It was a demand that went unheard. In 2014 Petro Poroshenko stood for president against Yulia Tymoshenko, among others, and won. It seems likely that the promise he made in his election campaign played a role here; the oligarch who claims not to be an oligarch promised to sell his companies, declaring, ‘As the president of Ukraine I will and want to only focus on the wellbeing of the nation.’

Highlight (Geel) | Locatie 3741

In any case, one thing that’s more important to the people of Ukraine than whether or not Poroshenko intended to sell his companies is the question of morality. The Ukrainian president establishes his shell company in

> August 2014, of all times. This is during the height of the Ukrainian conflict, precisely when – from 10 August until 2 September – the Battle of Ilovaisk is raging in the south-eastern city, which is home to 15,000 people. For days on end around 7,000 soldiers, mainly members of the Ukrainian volunteer battalions, are trapped in the city, surrounded by pro-Russian troops, supported by Russian forces and tanks. The Ukrainian soldiers call for help but their appeals are in vain. The army, whose commander-in-chief is Poroshenko, fails to send any support.

Highlight (Geel) | Locatie 3747

> After days of heavy fighting, both sides sign a ceasefire agreement. The Ukrainian units are told that they can leave the encircled city unscathed as long as they leave behind their weapons. When the Ukrainian soldiers pull out, they are suddenly shot at from tanks and mortars and up to 1,000 soldiers are killed. The Ukrainian government speaks of a ‘massacre’. And what does President Poroshenko do, after his promise to ‘only focus on the wellbeing of the nation’? He registers a shell company. While

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Highlight (Geel) | Locatie 3905

> Deutsche Bank, Germany’s largest bank, presents a prime example of the unholy alliance between Mossack Fonseca and German financial institutions. It used to be one of the most prestigious companies in Germany, perhaps even in the world. Now, though, the bank has faced dozens of lawsuits worldwide, some of them still in progress, for money laundering, tax crimes and the manipulation of interest rates. The group figures on the books of Mossack Fonseca with a total of eleven different intermediary profiles, for example as Deutsche Bank Switzerland, Deutsche Bank Luxembourg and Deutsche Bank AG, but branches in Jersey, Guernsey, Mauritius, Beijing and Shanghai are also listed. All in all, the Deutsche Bank group has arranged or managed more than 400 offshore companies for its clients. In 2006 its Swiss arm, for example, paid around $160,000 just in annual fees for the more than 100 offshore companies that Mossfon had incorporated on its behalf.7

Highlight (Geel) | Locatie 4222

> Another promising trail that we followed early on was the one pointing in the direction of the former Libyan leader Muammar Gaddafi. We came across around a dozen companies that had already sparked the interest of Libya’s investigators. Through these companies – according to a legal letter that we read – millions in public funds apparently flowed out of the country, including into the hidden accounts of a close associate of Gaddafi, a man named Ali Dabaiba.2 Not long after Muammar Gaddafi seized power from the Libyan king in 1969, Ali Dabaiba, a geography teacher by training, became mayor of the port city of Misrata. Dabaiba was very soon admitted into the autocrat’s inner circle, the ‘Companions of the Leader’ as the clique was known in Libya. The Organization for Development of Administrative Centres (ODAC), the enormous state contracting agency headed by Dabaiba, placed contracts worth billions over the years, many of which, according to Libyan investigators, went to companies with links to the Dabaiba family. According to media reports, when auditors took a closer look at the contracts they found evidence of double bookkeeping. An adviser to Muammar Gaddafi later told Libyan investigators that discrepancies were noticed at ODAC from very early on but were not investigated further because Gaddafi and his sons ‘were involved in the running of ODAC’.3

Highlight (Geel) | Locatie 4444

> The group assembled in the bunker is a small one: besides us there is our Russian colleague Roman Anin, plus Luke Harding, who was once expelled from Russia for speculating about Putin's fortune in an article. Marina Walker, Gerard Ryle and Jake Bernstein from the ICIJ have made the journey, and we are also joined by BBC journalists and our colleagues Julia Stein from NDR and Petra Blum from WDR, who has been working her way through the Roldugin data for months. Together we discuss what we have already found to date in the files: the brothers Arkady and Boris Rotenberg, for example.2 Or the Russian oligarch and friend of Putin, Gennady Timchenko, who crops up in the data as a shareholder or authorized signatory of several shell companies.3 We also have a chuckle about Dmitry Peskov, Vladimir Putin's spokesman.

Highlight (Geel) | Locatie 5366

> In November 2016, Joseph Stiglitz and Mark Pieth published their own alternative Panama Papers report, 'Overcoming the Shadow Economy'. The twenty-five-page report argues that it is not only offshore countries like Panama or the British Virgin Islands who need to rethink their attitude and legislation. The US and the European Union 'have an obligation to force financial centres to comply with global transparency standards'. The US and EU have shown they have the tools to stem the flow of dirty money in the fight against terrorism, but have failed to use these same tools as forcefully in the fight against financial corruption and tax dodging. 'Secrecy has to be attacked globally – offshore and onshore,' Stiglitz and Pieth write. 'There can be no places to hide.'

Highlight (Geel) | Locatie 5450

> But the issue is finally on the table, and that change takes time is no surprise. For fifty years, executive, legislative and judicial branches around the globe have utterly failed to address the metastasizing tax havens spotting Earth's surface. Even today, Panama says it wants to be known for more than papers, but its government has conveniently examined only one of the horses on its offshore merry-go-round. Banks, financial regulators and tax authorities have failed. Decisions have been made that have spared the wealthy while focusing instead on reining in middle- and low-income citizens. Hopelessly backward and inefficient courts have failed. Judges have too often acquiesced to the arguments of the rich, whose lawyers – and not just Mossack Fonseca – are well trained in honouring the letter of the law, while simultaneously doing everything in their power to desecrate its spirit. The media has failed. Many news networks are cartoonish parodies of their former selves, individual billionaires appear to have taken up newspaper ownership as a hobby, limiting coverage of serious matters concerning the wealthy, and serious investigative journalists lack funding. The impact is real: in addition to the Süddeutsche Zeitung and the ICIJ, and despite explicit claims to the contrary, several major media outlets did have editors review documents from the Panama Papers. They chose not to cover them. The sad truth is that among the most prominent and capable media organizations in the world there was not a single one interested in reporting on the story. Even WikiLeaks didn't answer its tip line repeatedly.