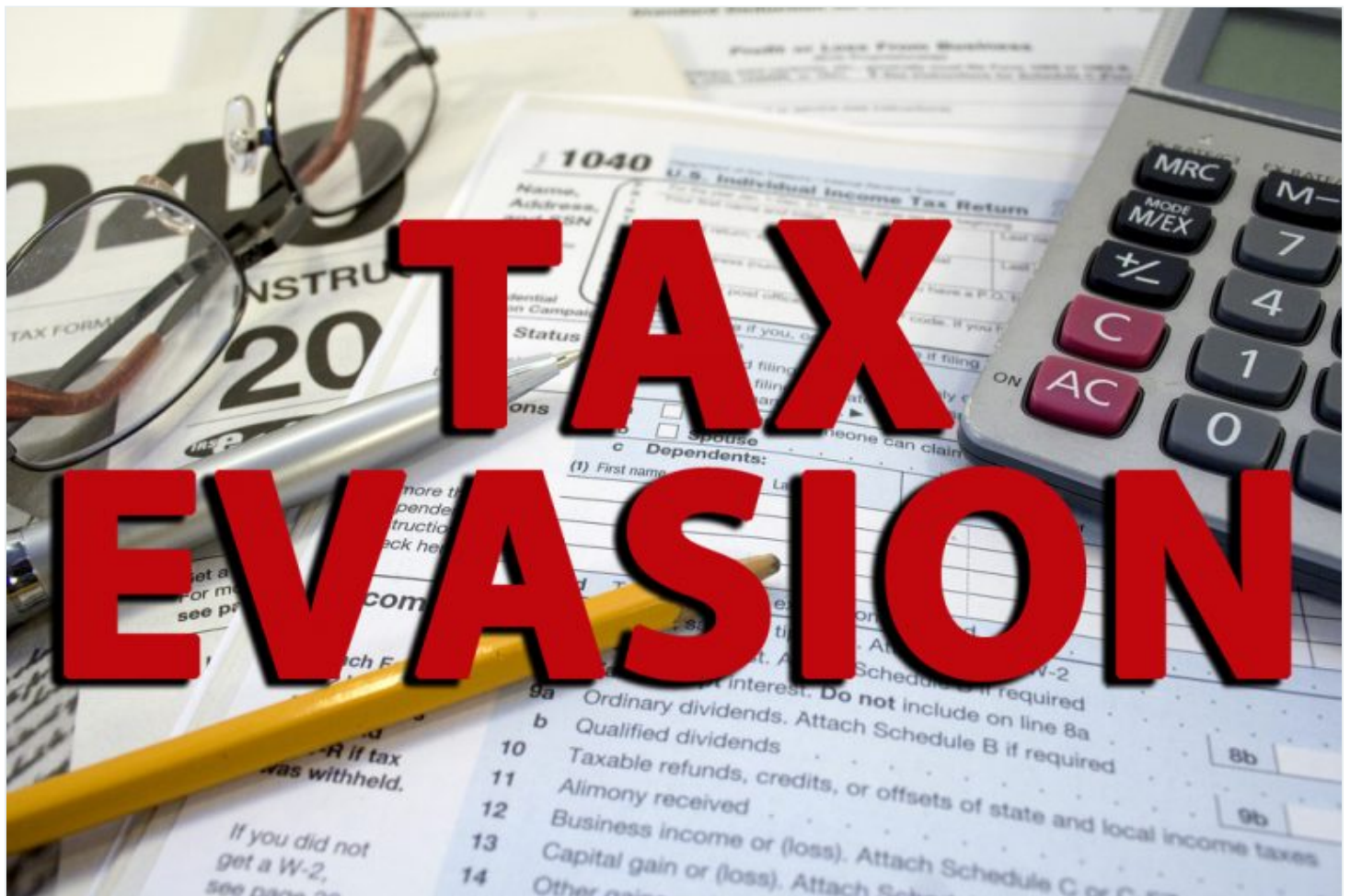


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Russian President Vladimir Putin and leaders of Great Britain, China, Iceland, Pakistan and the Ukraine. In addition, the president of Argentina, Mauricio Macri, allegedly

Apr. 05, 2016



A massive leak of confidential documents held by a renowned Panamanian law firm has reverberated around the world. The “Panama Papers,” as the documents have been dubbed by international media sources, reportedly show how the firm of Mossack Fonseca helped powerful global players launder money, dodge sanctions and evade tax liability. But Mossack Fonseca representatives claim they’ve done nothing wrong and have been operating within legal boundaries for four decades.

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Most of the accused have denied the allegations. The Kremlin dismissed the revelations as “a series of fibs” intended to discredit Putin. Iceland has issued a statement that the offshore firm that its prime minister, Sigmundur David Gunnlaugsson, is linked to is merely a holding company for his wife's assets and doesn't provide any tax advantages, while a spokesperson for Marci says that he has no interest in a shell company. China promptly denounced the leak and limited media access concerning the issue. However, the U.S. and certain other countries – including Great Britain, France, Australia and Mexico – have vowed to get to the bottom of the matter.

Mossack Fonseca issued a statement on April 4 declaring its innocence. “Our industry is not particularly well understood by the public, and unfortunately this series of articles will only serve to deepen that confusion. The facts are these: while we may have been the victim of a data breach, nothing we've seen in this illegally obtained cache of documents suggests we've done anything illegal, and that's very much in keeping with the global reputation we've built over the past 40 years of doing business the right way, right here in Panama.”

The ICIJ also says that the papers expose the ways in which Mossack Fonseca enabled its well-heeled clients to stash assets in tax havens. One such wealthy client, U.S. financial author and “life coach” [Marianna Olszewski](#) was reputedly offered fraudulent ownership records to hide money from authorities, a direct breach of international rules prohibiting money laundering and tax evasion.

The news about the Panama Papers is emerging as the U.S. continues to ramp up efforts to thwart illegal practices involving offshore accounts. Agreements signed with other countries under the Foreign Account Tax Compliance Act (FATCA) have cracked open access to bank information previously held in secret in other countries, notably Switzerland and the Cayman Islands. If a foreign bank refuses to disclose

information about account holders required by FATCA, it may be assessed a 30%

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Undoubtedly, there will be fall-out from the Panama Papers leak as investigators follow up. Don't expect this to go away anytime soon.

Taxes

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