

WHY DO THEY CALL IT PANAMA PAPERS, ANYWAY?

Over the weekend, a bunch of media outlets let loose shock and awe in bulk leak documents, PanamaPapers, with project leaders ICIJ and Sueddeutsche Zeitung – as well as enthusiastic partner, Guardian – rolling out bring spreads on a massive trove of data from the shell company law firm Mossack Fonseca.

If all goes well, the leak showing what MF has been doing for the last four decades will lead us to have a better understanding of how money gets stripped from average people and then hidden in places where it will be safe from prying eyes.

Before I raise some questions about the project, I wanted to point to one of the best pieces of journalism I've seen from the project so far: this Miami Herald piece showing how its high end real estate boom has been facilitated by the money laundering facilitated by MF.

At the end of 2011, a company called Isaias 21 Property paid nearly \$3 million – in cash – for an oceanfront Bal Harbour condo.

But it wasn't clear who really owned the three-bedroom unit at the newly built St. Regis, an ultra-luxury high-rise that pampers residents with 24-hour room service and a private butler.

In public records, Isaias 21 listed its headquarters as a Miami Beach law office and its manager as Mateus 5 International Holding, an offshore company registered in the British Virgins Islands, where company owners don't have to reveal their names.

[snip]

Buried in the 11.5 million documents? A registry revealing Mateus 5's true owner: Paulo Octávio Alves Pereira, a Brazilian developer and politician now under indictment for corruption in his home country.

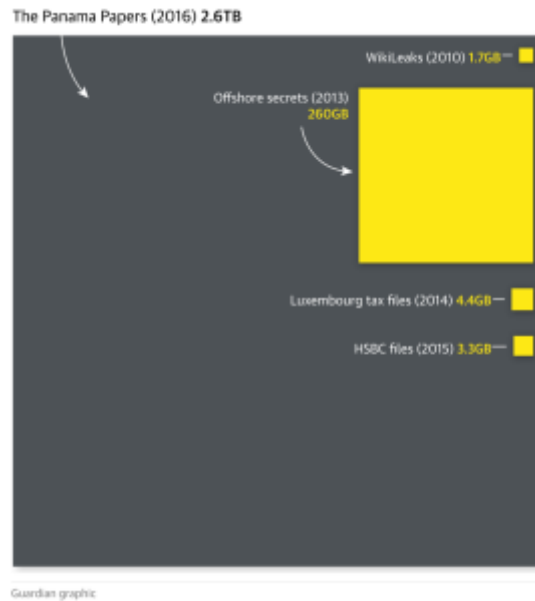
A Miami Herald analysis of the never-before-seen records found 19 foreign nationals creating offshore companies and buying Miami real estate. Of them, eight have been linked to bribery, corruption, embezzlement, tax evasion or other misdeeds in their home countries.

That's a drop in the ocean of Miami's luxury market. But Mossack Fonseca is one of many firms that set up offshore companies. And experts say a lack of controls on cash real-estate deals has made Miami a magnet for questionable currency.

The story is deeply contextualized with localized reporting that goes beyond the leaked documents. And it can lead to policy changes – restrictions on cash real estate transactions – that can help to stem (or at least redirect) the flow of this corrupt money. You could tell similar stories from big cities around North America (this has been a particular focus in NYC and Vancouver). And with effort, cities could crack down on such cash transactions, with all the negative effects they bring to localities.

But much of the other reporting so far remains at the level of shock and awe. Biggest leak ever! Putin Putin Putin! And much of the reporting reflects not just editorial bias, but some apparent innumeracy (though no one has yet released the real numbers) to claim that people from evil countries are proportionally more corrupt than people from good countries like the UK.

Where did these documents come from?



Here's how SZ describes how they got these documents.

Over a year ago, an anonymous source contacted the *Süddeutsche Zeitung* (SZ) and submitted encrypted internal documents from Mossack Fonseca, a Panamanian law firm that sells anonymous offshore companies around the world. These shell companies enable their owners to cover up their business dealings, no matter how shady.

In the months that followed, the number of documents continued to grow far beyond the original leak. Ultimately, SZ acquired about 2.6 terabytes of data, making the leak the biggest that journalists had ever worked with. The source wanted neither financial compensation nor anything else in return, apart from a few security measures.

Nowhere I've seen explains where this source got the documents.

For almost three years, we have openly debated

what I consider a fair question: what was Edward Snowden's motivation for stealing the NSA's crown jewels and was any foreign country involved? People have also asked questions about *how* he accessed so much: Did he steal colleagues' passwords? Did he join Booz Allen solely to be able to steal documents? I think the evidence supports an understanding that his motives were good and his current domicile an unfortunate outcome. And we know some details about how he managed to get what he did – but the key detail is that he was a Sysadmin in a location where insider detection systems were not yet implemented and credentials to have unaudited access to many of the documents he obtained. Those details are a key part of understanding some of the story behind his leaks (and how NSA and GCHQ are organized).

Somehow, journalists aren't asking such questions when it comes to this leak, the Unaoil leak that broke last week, or the leak of files on British Virgin Isles have activity a few years back (which, like this project, ICIJ also had a central role in). I'm sympathetic to the argument that IDing who stole these documents would put her or him in terrible danger (depending on who it is). But I also think this level of description the Intercept gave – in the first paragraph of a story about stolen recordings of jailhouse phone calls that revealed improper retention of attorney client conversations – would be useful.

The materials – *leaked via SecureDrop by an anonymous hacker* who believes that Securus is violating the constitutional rights of inmates – comprise over 70 million records of phone calls, placed by prisoners to at least 37 states, in addition to links to downloadable recordings of the calls. [my emphasis]

The Intercept's source, knowing of the problem, hacked recordings from an inadequately protected server.

As the Guardian's own graphic makes clear, this leak dwarfs the leaks by Chelsea Manning and Hervé Falciani (the security engineer behind the HSBC leak). It probably dwarfs the Snowden leak (though oddly the Guardian, which had fingers in both, doesn't include Snowden in its graphic). That ought to raise real questions about how someone could access so much more information than tech experts with key credentials working at the core of security in the targeted organizations could. And those questions are worth asking because if these files come from an external hacker – a definite possibility – than it ought to raise questions about how they were able to get so much undetected and even – as everyone felt appropriate to ask with Snowden – whether an intelligence agency was involved.

Where are the corrupt Americans?

As with the BVI leak before it, thus far this leak has included no details on any Americans. Some have suggested that's because the Panama trade deal already brought transparency on US persons' activities through the haven of Panama, except these files go back four decades and. Americans not only used Panama as a haven before that, but the CIA used it as a key laundering vehicle for decades, as Manuel Noriega would be all too happy to explain if western countries would let him out of prison long enough to do so. Moreover, the files are in no way restricted to Panama (indeed, some of the stories already released describe the establishment of shell companies within the US).



Not
only
haven't
we
heard
about
any
Americans,
but
even
for

the close American friends identified so far – starting with Saudi Crown Prince and close CIA buddy Mohammed bin Nayef – the details provided to date are scanty, simply the name of the shell he was using.

Craig Murray has already been asking similar questions.

Russian wealth is only a tiny minority of the money hidden away with the aid of Mossack Fonseca. In fact, it soon becomes obvious that the selective reporting is going to stink.

The *Suddeutsche Zeitung*, which received the leak, gives a detailed explanation of the methodology the corporate media used to search the files. The main search they have done is for names associated with breaking UN sanctions regimes. The Guardian reports this too and helpfully lists those countries as Zimbabwe, North Korea, Russia and Syria. The filtering of this Mossack Fonseca information by the corporate media follows a direct western governmental agenda. There is no mention **at all** of use of Mossack Fonseca by massive western corporations or western billionaires – the main customers. And the Guardian is quick to reassure that “much of the leaked material will remain private.”

What do you expect? The leak is being

managed by the grandly but laughably named “International Consortium of Investigative Journalists”, which is funded and organised entirely by the USA’s Center for Public Integrity. Their funders include

Ford Foundation
Carnegie Endowment
Rockefeller Family Fund
W K Kellogg Foundation
Open Society Foundation (Soros)

among many others. Do not expect a genuine expose of western capitalism. The dirty secrets of western corporations will remain unpublished.

Expect hits at Russia, Iran and Syria and some tiny “balancing” western country like Iceland. A superannuated UK peer or two will be sacrificed – someone already with dementia.

Now, in response to people like me and Murray and Moon of Alabama asking those questions, the SZ editor in charge of their side of the project promises dirt on Americans will be coming. Let’s hope so, because this is a worthwhile leak of data, and it would be unfortunate for Americans and Brits to be deprived of learning more about the corruption among their elite.

Does this project follow up on Ken Silverstein’s earlier reporting?

Back in December 2014, Ken Silverstein did a fairly thorough review of MF at Vice (though he worked at the Intercept at the time).

[A] yearlong investigation reveals that Mossack Fonseca—which the *Economist* has described as a remarkably “tight-lipped” industry leader in offshore finance—has served as the registered agent for front companies tied to an array of notorious

gangsters and thieves that, in addition to Makhoul, includes associates of Muammar Gaddafi and Robert Mugabe, as well as an Israeli billionaire who has plundered one of Africa's poorest countries, and a business oligarch named Lázaro Báez, who, according to US court records and reports by a federal prosecutor in Argentina, allegedly laundered tens of millions of dollars through a network of shell firms, some of which Mossack Fonseca had helped register in Las Vegas.

Documents and interviews I've conducted also show that Mossack Fonseca is happy to help clients set up so-called shelf companies—which are the vintage wines of the money-laundering business, hated by law enforcement and beloved by crooks because they are “aged” for years before being sold, so that they appear to be established corporations with solid track records—including in Las Vegas. One international asset manager who talked to Mossack Fonseca about doing business with them told me that the firm offered to sell a 50-year-old shelf company for \$100,000.

If shell companies are getaway cars for bank robbers, then Mossack Fonseca may be the world's shadiest car dealership.

Silverstein clearly had *some* documents, though there's no indication he had the trove that started getting leaked to SZ and ICIJ in early 2015, just weeks after Silverstein's story.

On Twitter, Silverstein suggested his story never got published because this was the period when the Intercept wasn't publishing (I had something similar happen to me while there).

But given the close continuity between Silverstein's story and SZ receipt of the first documents, are they part of the same effort?

Why do they call it the Panama Papers?

These aren't papers showing the corruption that flows through Panama (for that matter, neither did the BVI leaks show all the corruption that flows through BVI, and there's a significant BVI aspect to this leak). Rather, they show the corruption flowing through a Panamanian-based but global firm, Mossack Fonseca. Reporting on this tells us MF is only the fourth largest of these laundering specialists.

So, aside from the fact that few people have heard of MF, why are we calling this the Panama Papers and not "Here's what the fourth largest of these companies is involved with"?


All of which is to say as huge as this leak is – which is good! – it's still just a tiny fraction of what's out there.

Let the resignations begin

None of this is meant to undermine the importance of this leak or the reporting the team of journalists covering it. Indeed, the story already threatens to take down the Prime Minister of Iceland whose conflict of interest the files revealed. We should have more of these leaks, covering all the havens and shell-creators.

Just remember, as you're watching the coverage, that we're getting selective coverage of one particular corner of that industry (ICIJ has said something about releasing files in several months). By all means let's go after the crooks this story exposes, but let's remember the crooks who, for whatever reason, aren't included in this one.

Update: Fusion, which is part of the data sharing, admits there are only 211 Americans identified in the stash, though thus far this is just from recent years (that is, the years that might be affected by the trade agreement).



International Consortium of Investigative Journalists (ICIJ) has only been able to identify 211 people with U.S. addresses who own companies in the data (not all of whom we've been able to investigate yet). We don't know if those 211 people are necessarily U.S. citizens.

All that said, the very good experts (including Jack Blum, who's as good on these issues as anyone) don't have very compelling explanations why there aren't Americans in the stash.

Update: McClatchy describes some of the 200-some Americans whose passports show up in the files. All the ones it describes have been prosecuted (though several got light punishments).