



# Offshore: Investigating Complex Foreign Finances



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## 5-Stage Offshore Investigative Strategy

- **#1: Identify red flags and concealment methodology**

Acquire

Convert

Transfer  
(to self, others,  
entities)

Conceal  
(disguise)

Possess

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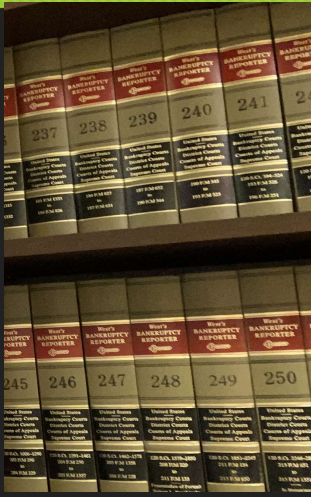
## 5-Stage Offshore Investigative Strategy

- **#2: Prove the existence of the predicate (underlying) offense**



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## 5-Stage Offshore Investigative Strategy



○ **#3: Establish a link between property of laundering and the predicate offense (SUA)**

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## Offshore Investigative Strategies (con't)

- **#4: Identify any intermediaries or non-financial actors**
  - Non-professionals (family, friends, coworkers)
  - Professionals
  - Nominee entities

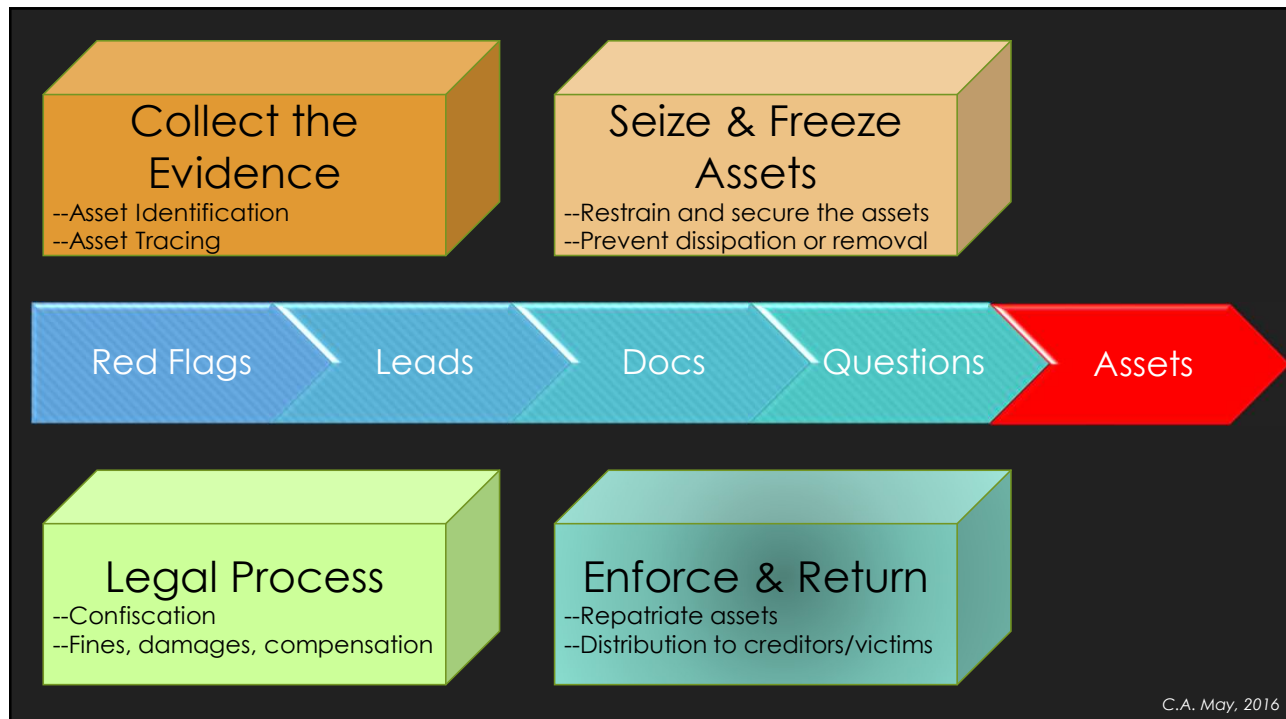
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## 5-Stage Offshore Investigative Strategy

**#5: Collect and conduct financial analysis on bank records, financial evidence, business records, etc.**



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## Types of Entities Found in Offshore Investigations

- • International Business Company (IBC)
- • Personal Investment Company (PIC)
- • Protected Cell Company (PCC)
- • Foreign Trusts
- • Foreign Partnerships
- • Foundations
- • Anstalt
- • Stiftung
- • Societe Anonyme (SA)
- • Aktiengesellschaft (AG)
- • Fideicomiso

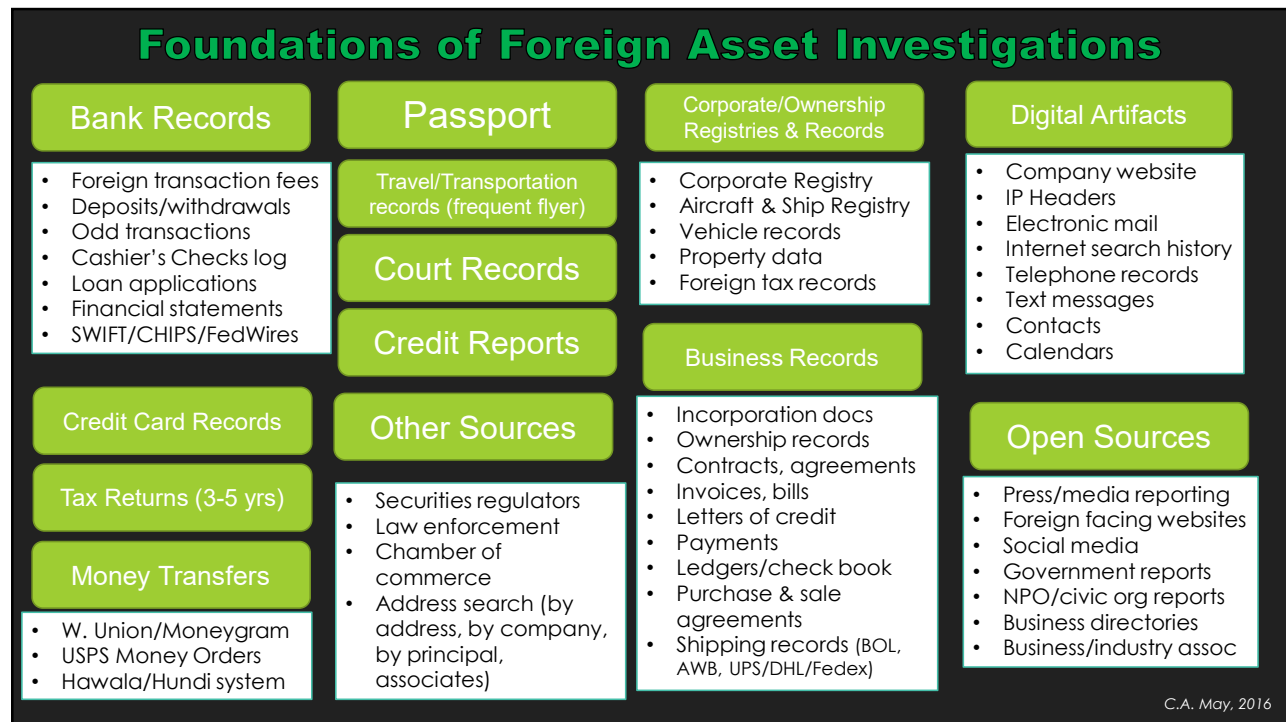
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## Let's Chat About It...



What are some useful types of information relevant to offshore investigations?

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## Objective of Any Offshore Investigation

- Structure of the offshore transactions
- Purported business purpose of the transactions
- Promoter or facilitator of the transactions
- Location (of accounts/assets/records)
- Who has access to the accounts/assets/records and knowledge of the transactions (including purpose)

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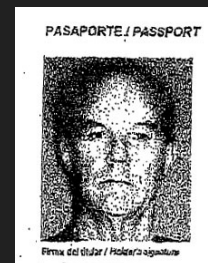


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## US v. Owens, et al.

(18-cr-00693, SDNY)

- Ramses Owens  Lawyer, Offshore promoter
- Richard Gaffey  Accountant, Offshore promoter
- Harald Joachim von der Goltz  Wealthy client



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CHANNEL ISLANDS  
PANAMA  
SPAIN  
COLOMBIA  
ISLE OF MAN  
LITHUANIA  
ECUADOR  
BVI

NICAM REPUBLIC  
NEW ZEALAND  
FLORIDA  
BELIZE  
URUGUAY  
BRAZIL

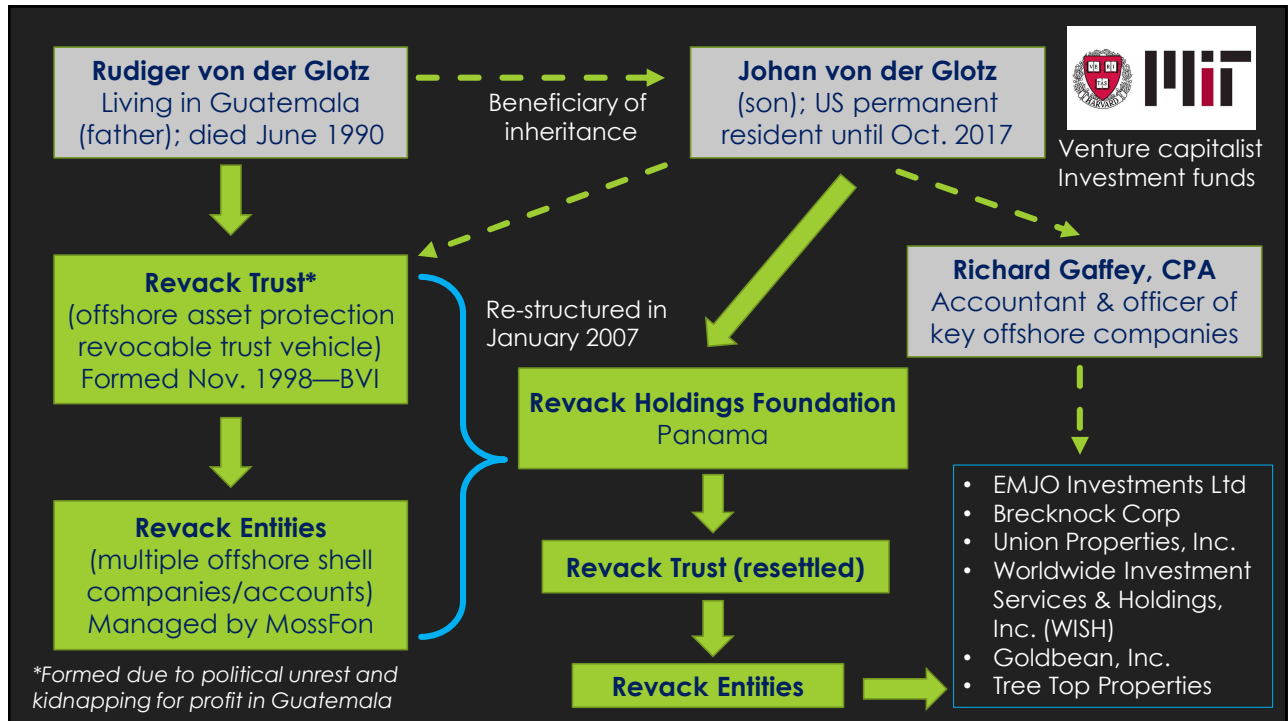
Owens & Owens  
International Legal & Finance

**Ramses Owens**  
Lawyer, Offshore promoter

Jefe de Trust Operations y Mossack Fonseca & Co.  
Jan 1992 – 2010 · 18 years  
Panamá

Panamá Today

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## Shell Companies



- Corporate entity
- Formed outside of U.S.\*
- Purpose: hold assets
- Obscures beneficial owners
- No other business function

\* Some U.S. states are considered "havens" for shell companies:

- Delaware
- Wyoming
- Montana
- South Dakota
- Nevada

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Evidence of company ownership based on the physical possession of share certificates.

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Let's Chat About It...



## ➤ What is a “Sham Foundation”?

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## Sham Foundations

- Legal entity
- Outside of U.S.
- Purpose: obscuring beneficial ownership
- Guise of a charitable enterprise (charity)
- Foundation “owns” assets in name only
- In truth, controlled by U.S. person

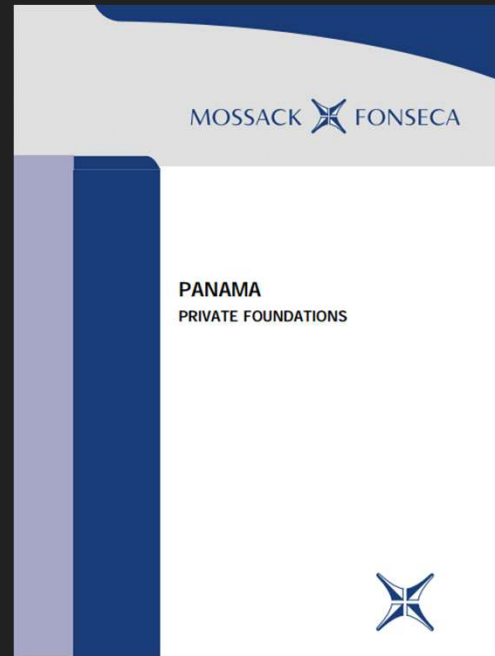


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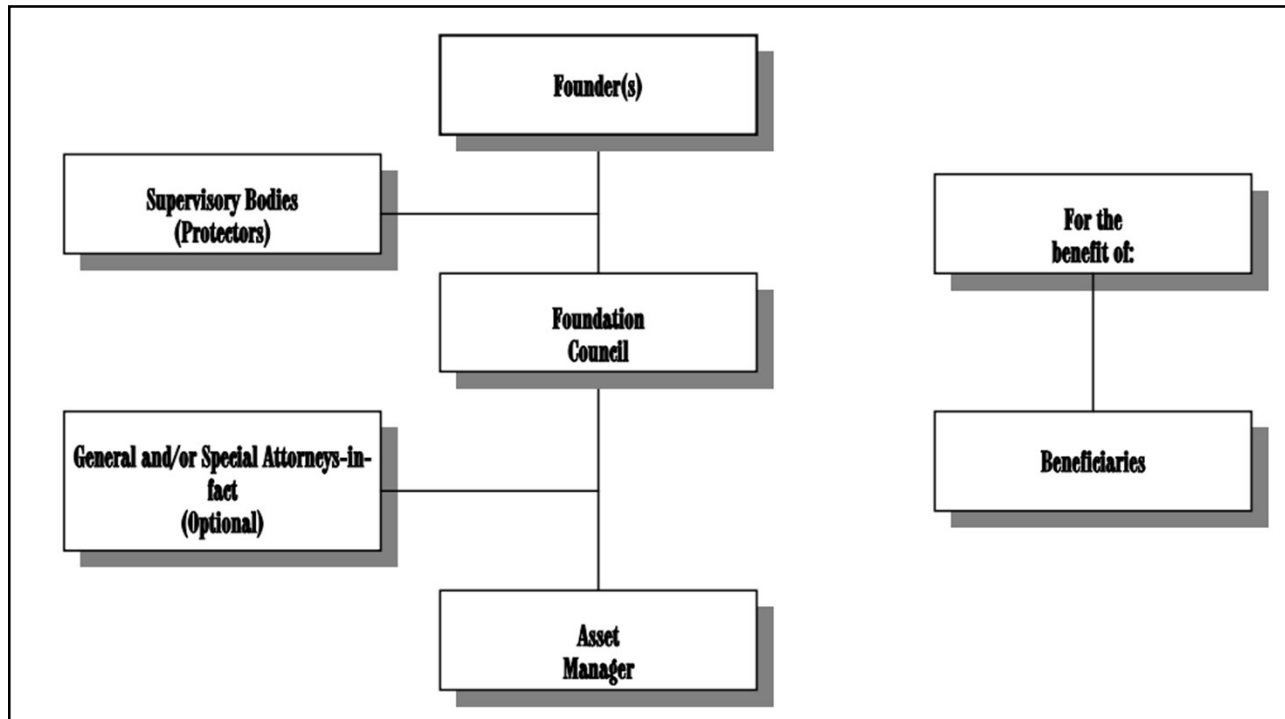


# How does one set up a **Private Foundation**??

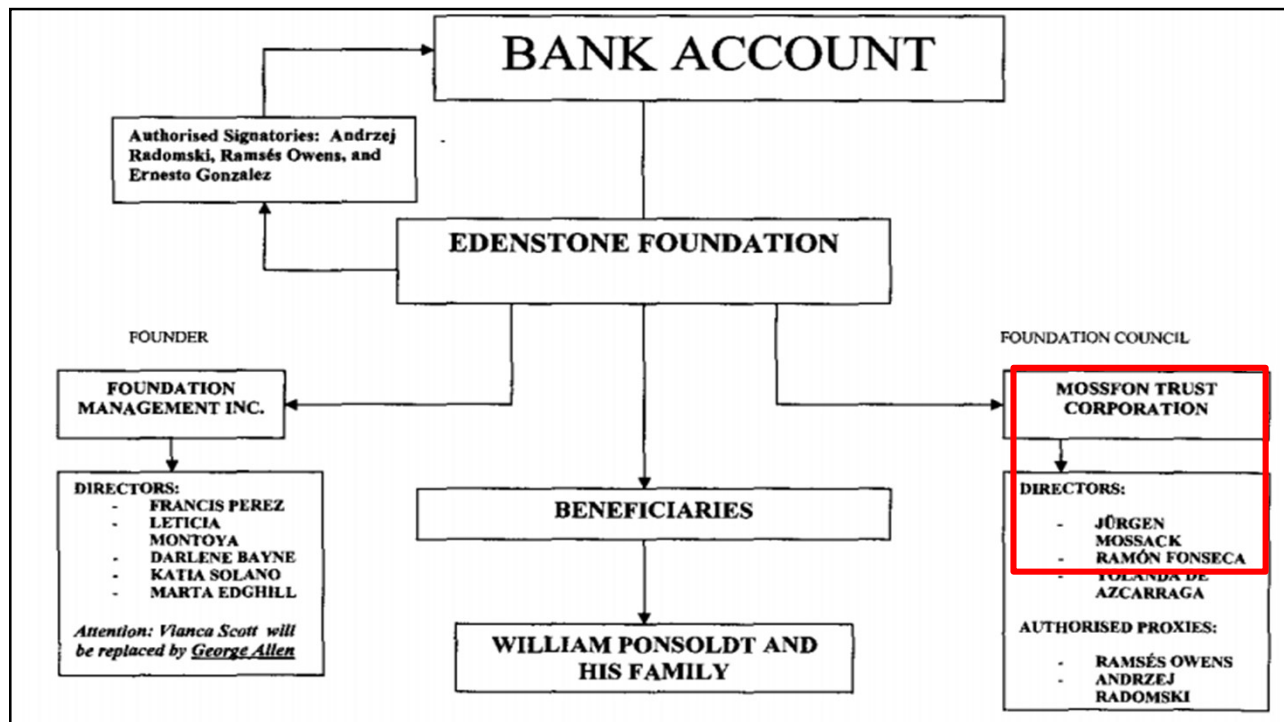
Well, let's ask Mossack Fonseca!



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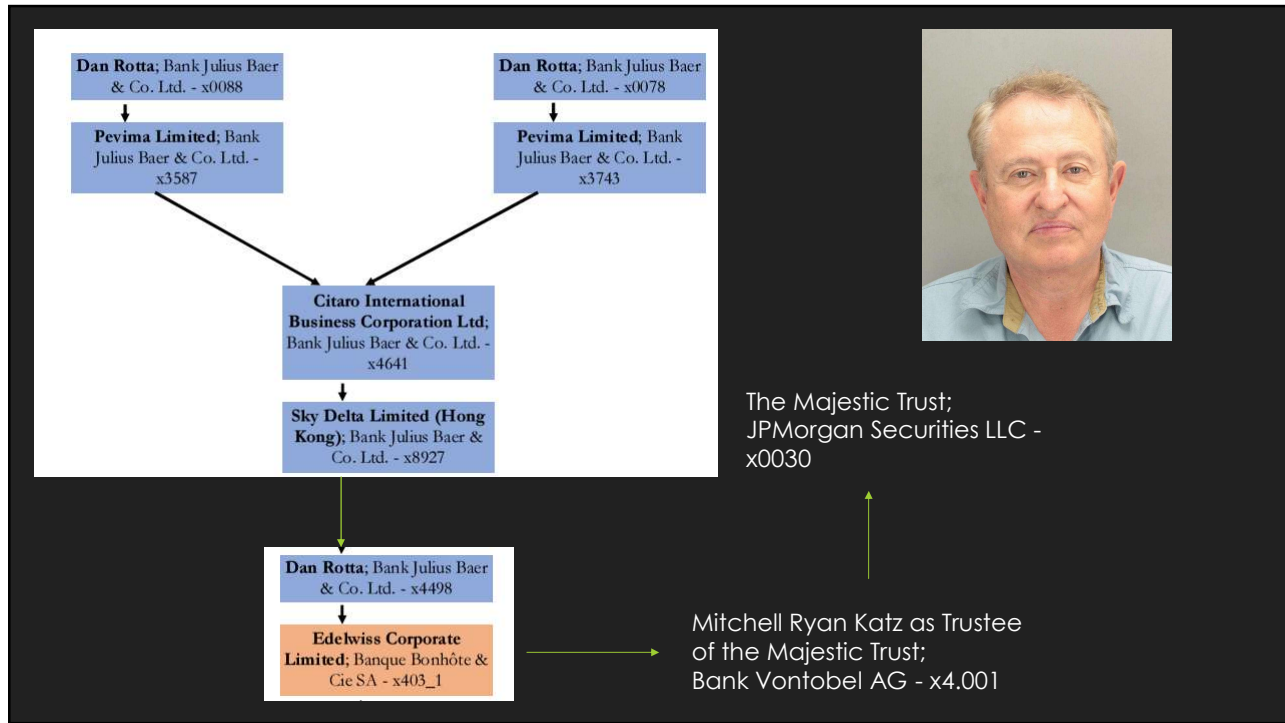
## Overseas Bank Accounts



- Locations with strong banking/secretcy/privacy laws
- Off-shore jurisdiction; OFC = "offshore financial centre"
- Large deposits wired in
- Bank accounts in LLC name
- U.S. person doesn't have signature authority
- U.S. person → directs attorney/advisor to take action, make changes



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Let's Chat About It...

➤ How do they get their money back into the US\*?

\* Or the actual location they desire

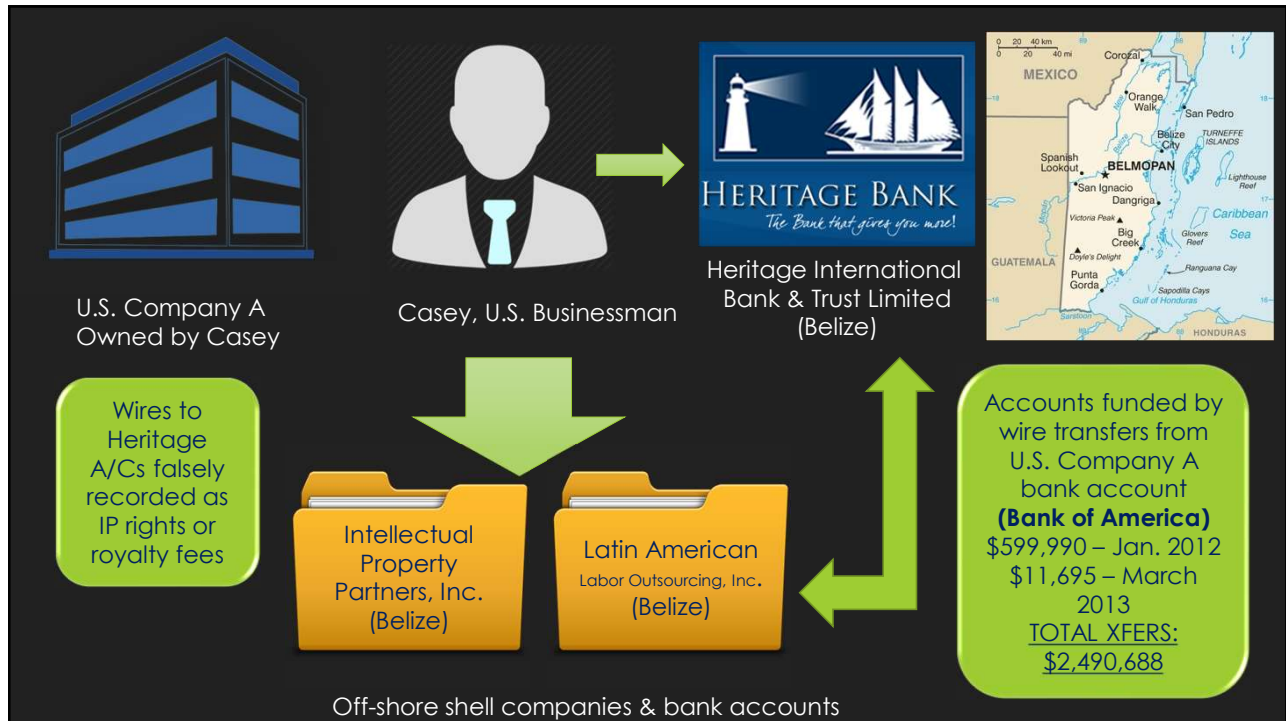
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# Repatriate funds into US

- Debit cards – branded as VISA/MC, issued by offshore bank
- Falsely characterized as a “loan” from shell company
- Fictitious sales revenue to other U.S. company set up
- False “sale” of a company → “proceeds” wired to US
- Buying artwork (then selling it later)
- Buying real estate
- “Mirrored company” transactions (ABC Ltd. → ABC, LLC, etc.)
- U.S. person is “employed” by LLC and receives a “salary” – deducts biz expenses



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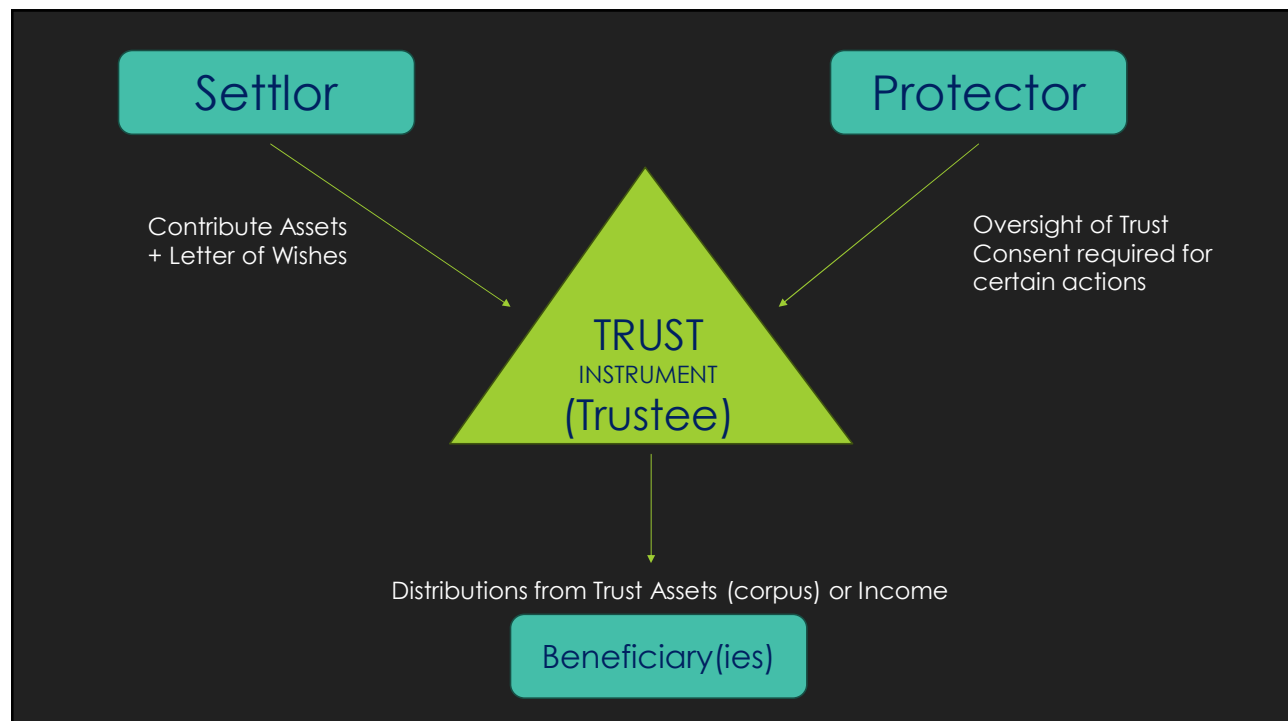
# Question...



## ○ Trusts were first formed (legally) in the...

- a) Gilded age of Greed (1980s)
- b) By the Robber Barrons (early 1900s)
- c) By Knights of the Crusade (1100s)
- d) I have no clue what trusts are

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## Trusts are legal\* (if arranged and administered properly)



- Equipment/Service trust
- Family residence trust
- Charitable trust
- Living trust

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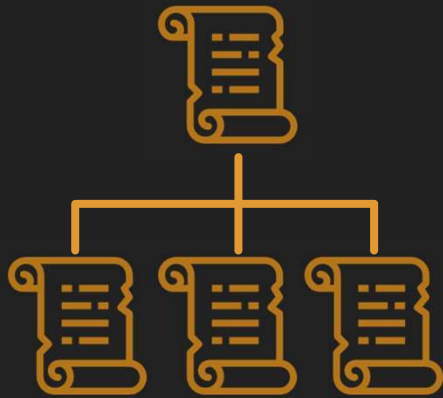
## Watch for Disguised Trusts

- **Business trust** →
- Unincorporated business organization,
- Pure trust
- Constitutional trust
- Massachusetts Business Trust
- Asset protection trust

These illegal tax protesters argue that **forming a business trust to hold your income and assets will avoid taxes or that a family estate trust will allow you to reduce or eliminate your tax liability**. In truth, establishing a trust, foreign or domestic, for the **sole purpose of hiding your income and assets from taxation is illegal** and will not absolve you of your tax liability. –IRS 1998 ([link](#))

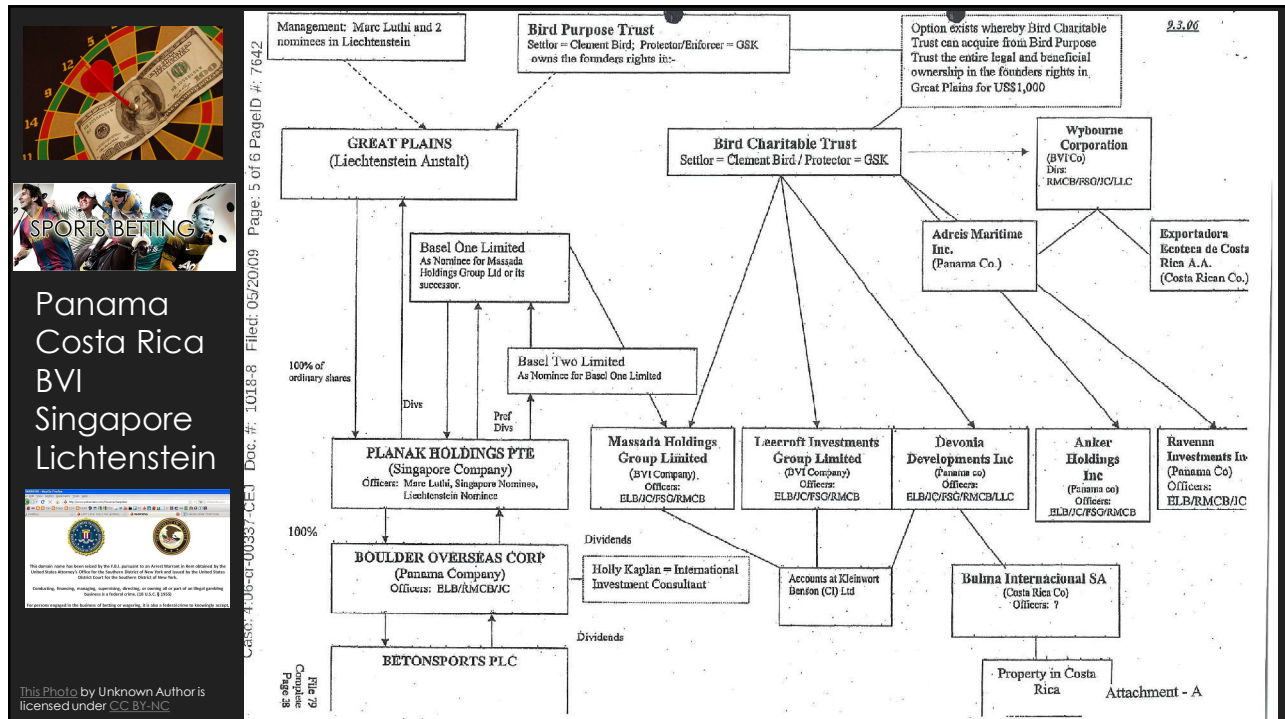
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# Overlying trust/foundation



- Enhanced layer of protection
- Enables obfuscation of ultimate owner/beneficiary
- “Oversees” other assets, usually LLCs, or entities
- Like a “holding trust”

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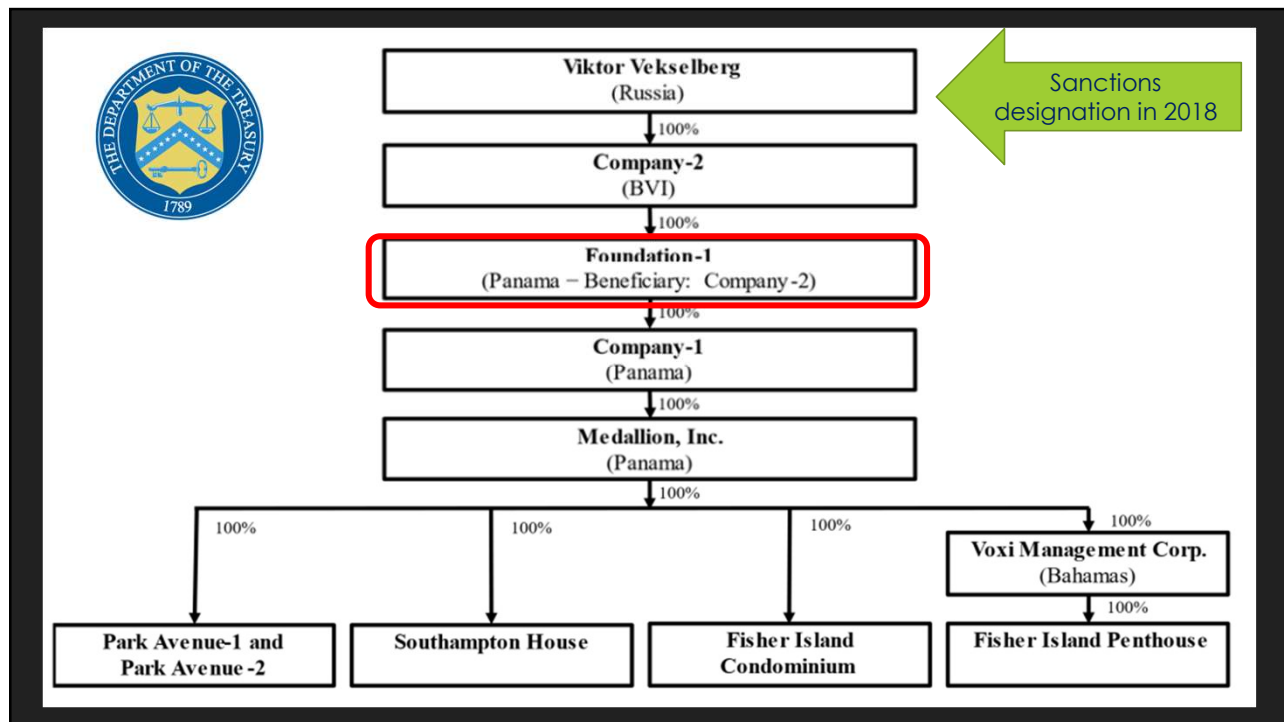


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**SPORTS BETTING**

Panama  
Costa Rica  
BVI  
Singapore  
Lichtenstein

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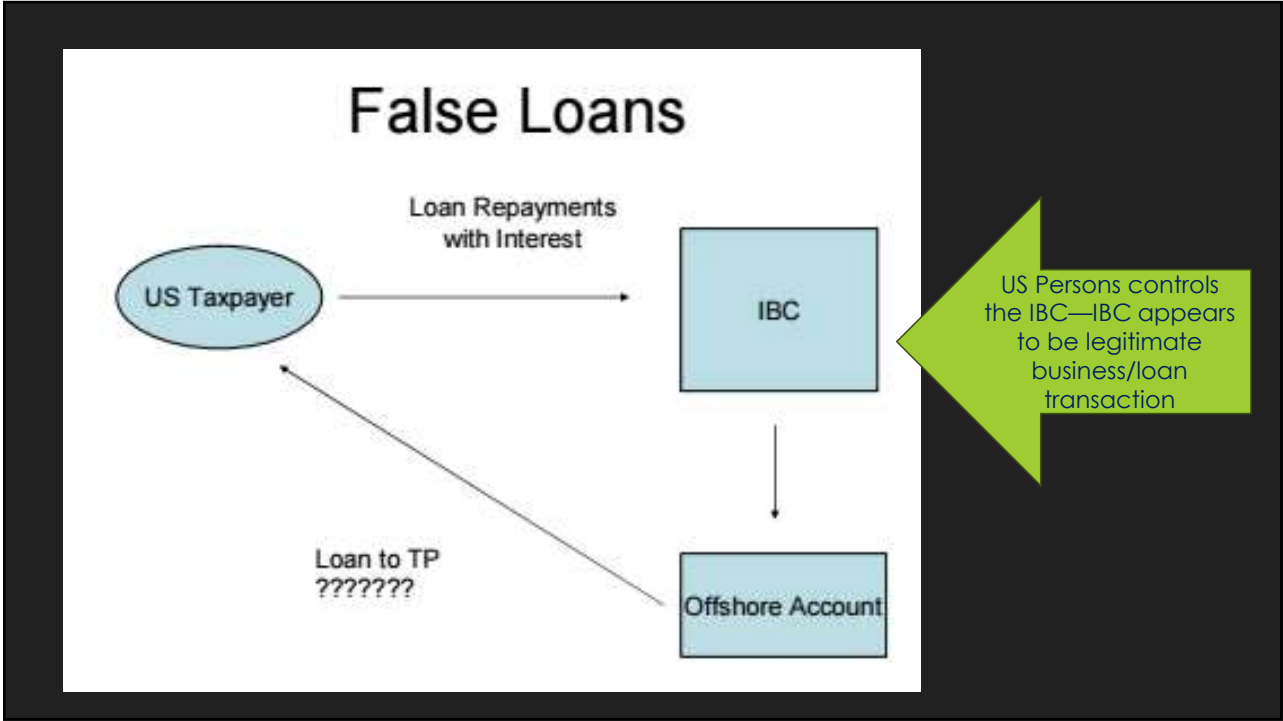
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## False Loans

- offshore bank or person "loans" the taxpayer what appears to be a normal loan.
- US Person repays this loan with interest to the offshore bank/person -- moving money offshore in what appears to be a loan repayment arrangement
- US Person claims a deduction for the loan interest

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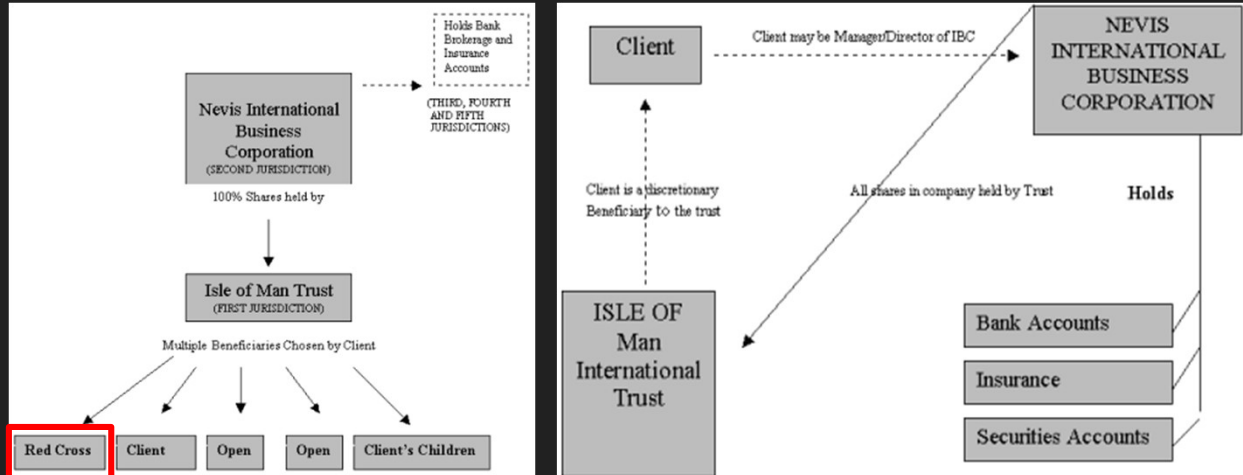


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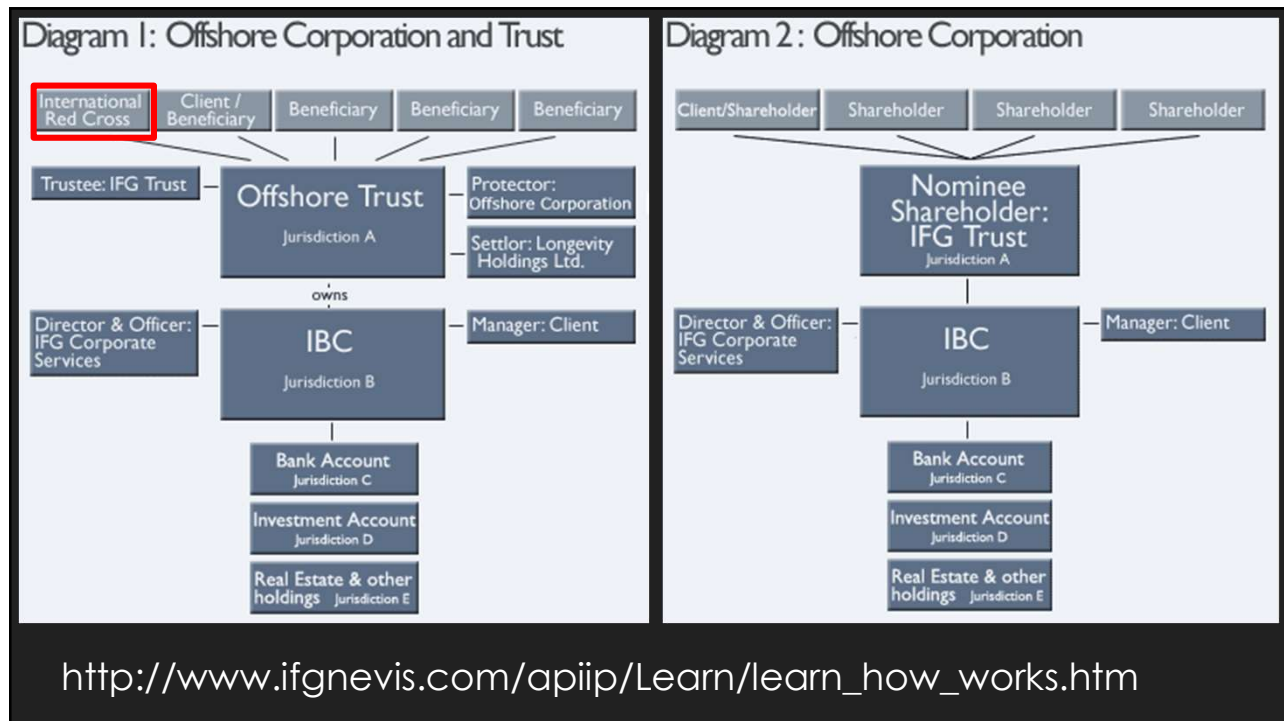
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# Selling Secrecy: "Secure Asset Client Control Investment Program"



<http://www.dierrepi.com/excelsior/offshore/saccip.html>

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[http://www.ifgnevis.com/apiip/Learn/learn\\_how\\_works.htm](http://www.ifgnevis.com/apiip/Learn/learn_how_works.htm)

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## IRS Revenue Agent Joe West's Four Key Questions

Adapted from *Secrecy World*  
(Jake Bernstein) p. 70

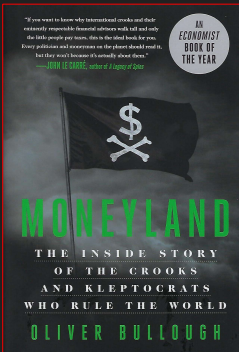
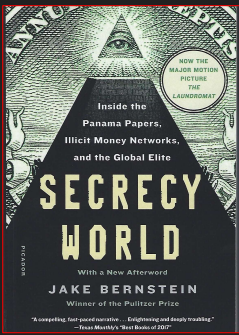
- **How did the taxpayer enter the offshore world?**
  - → what intermediary did they use? Who set up the initial sales pitch? Who set up the structures?
- **How did the taxpayer move their money offshore?**
- **What evidence shows the taxpayer actually controlled, managed, and directed the offshore entity?** (e.g., how it is their *alter ego*?)
- **How did the taxpayer move the money home?**

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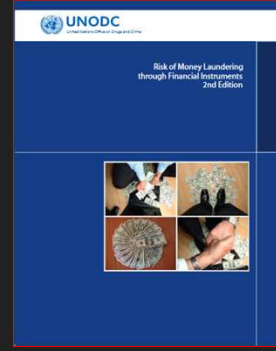
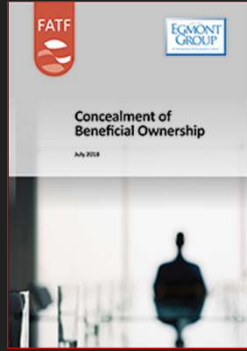
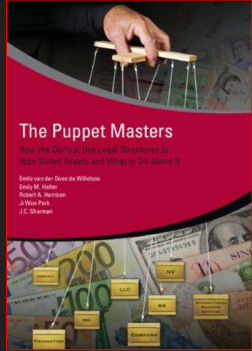
## & Two Bonus Questions— from ME!

- **If criminal – what was the underlying criminal conduct?**
- **How did the taxpayer/criminal correspond with or communicate with the offshore parties? \*digital???**

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<https://www.justice.gov/tax/press-room>  
<https://www.justice.gov/tax/swiss-bank-program>  
<https://www.justice.gov/tax/offshore-compliance-initiative>



<https://star.worldbank.org/>  
<https://www.fatf-gafi.org/>  
<https://www.imolin.org/>  
<https://www.baselgovernance.org/asset-recovery>