

The Pandora Papers Reveal How the Super-Rich Shaft the Rest of Us

Via [The Nation](#)

The [Pandora Papers](#), a massive leak of secret data about the illicit financial activities of the super-wealthy, will be supplying revelations for weeks and probably months to come.

The Pandora Papers undertaking involved 600 journalists from 117 countries and was coordinated by the [International Consortium of Investigative Journalists](#) (ICIJ) in what they describe as the “largest-ever journalistic collaborative.” (You can follow rolling releases at [The Washington Post](#), the US partner in the collaboration, and [The Guardian](#), the UK partner.)

Five and a half years ago, the ICIJ released the [Panama Papers](#), which focused on a leak from a single Panamanian law firm, Mossack Fonseca. According to Gerald Ryle, director of the ICIJ, the Pandora Papers are “the Panama Papers on steroids.

The Pandora leaks come from confidential records at 14 different offshore wealth service firms in Switzerland, Singapore, Cyprus, Samoa, Vietnam, and Hong Kong, as well as wealth managers in well-known tax havens such as Belize, Seychelles, The Bahamas, and the British Virgin Islands. These firms help wealthy individuals and corporations to form trusts and foundations, incorporate companies, and establish other entities in low- or no-tax jurisdictions.

The Pandora team analyzed almost 12 million files from these firms, including leaked e-mails, memos, tax declarations, bank statements, passport scans, diagrams of corporate structures,

secret spreadsheets, and clandestine real estate contracts. Some reveal the real owners of opaque shell companies for the first time.

In the coming weeks, we will learn more about the 130 global billionaires with ownership entities in secrecy jurisdictions (100 with total assets worth more than \$600 billion in 2021). US citizens are so far underrepresented in these leaks, largely because of where the wealth service providers were located. No US wealth-advisory firms were part of the leaks. Nonetheless, more than 700 companies revealed in the Pandora Papers have ties to real human owners in the US.

The big news for rest of the world is how the United States has become a major tax haven and global destination for illicit wealth. Earlier leaks, such as the Panama and Paradise papers, reinforced the misperception that most of these financial shell games take place “offshore,” in secrecy jurisdictions and tax havens in small countries with weak banking laws.

The Pandora leaks demonstrate that states like South Dakota and Delaware are rivaling Caribbean nations and European protectorates as leading secrecy jurisdictions (a topic [The Nation has covered](#)). The Pandora disclosures found that US states with the most active trusts were South Dakota (81), holding at least \$367 billion in assets, Florida (37), Delaware (35), Texas (24), and Nevada (14). Trusts appear to be catering to mostly non-US citizens.

One global billionaire who stashes funds in South Dakota is the Brazilian orange juice baron Horst Happel, who was fined \$88 million in 2016 for underpaying his workers. In 2017, he moved substantial wealth to a trust in that state. Carlos Morales Troncoso, the former vice president of the Dominican Republic, ran a sugar company called Central Romana accused of human rights violations. He set up trusts for his daughters in The Bahamas that were moved, after his death, to South Dakota.

The [Guardian article](#) about the Mount Rushmore State discloses more examples. Global money is flowing to South Dakota because of its low taxes, weak disclosure rules, and [advantageous dynasty trusts](#).

The Pandora Papers leak is truly a global story, with major implications in many countries. Some of the largest revelations involve Russian nationals with connections to Vladimir Putin and elites from Latin America. For example, journalists from the Spanish daily [El País exposed](#) the “Secret Vault of Mexican Billionaires.” They found over 3,000 wealthy and powerful Mexicans in the 11.9 million leaked files, with connections to current and previous presidents, and discovered a common pattern of wealthy Mexican elites’ using a single Panamanian law firm, Alcogal (Aleman, Cordero, Galindo & Lee), along with trusts in the British Virgin Islands, and real estate purchases in Miami and around the US.

The Pandora Papers will hopefully turn up the heat on the politicians in the United States and abroad who maintain the wealth-hiding status quo. The files list over 330 current and former politicians and world leaders from 91 countries that are implicated in transactions. This is twice the number implicated in the 2016 Panama Papers.