

Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion
The Chair

D 300805 23.01.2017

Professor Mark Pieth
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IPOL-A-PANA D (2017) 2755

Subject: Interparliamentary Committee Meeting organised by the Committee on Economic and Monetary Affairs (ECON) together with the Inquiry Committee on the Panama Papers (PANA)

Dear Mr Pieth,

In my capacity as Chair of the Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion (PANA) of the European Parliament, I have the pleasure to officially invite you as a speaker in the Interparliamentary Committee Meeting organised by the Committee on Economic and Monetary Affairs (ECON) together with the Inquiry Committee on Panama Papers (PANA) which will take place on Tuesday 31 January 2017, 09:30 – 13:00 (Room PHS 03C50).

My services have already be in contact with you and I am happy that you confirmed your participation.

The purpose of this meeting is to have an exchange of views between the national Parliaments on the actions that were taken nationally in reaction to the Panama Papers and to have recommendations or conclusions that could be drawn in order to better fight against money laundering, tax avoidance and tax fraud.

I would appreciate if you could make an initial statement of a maximum of 10 minutes in which you could give your views, experience and recommendations on the topic. After your opening statement, representatives from some parliaments will introduce the actions they have taken so far. This will be followed by a session of questions and answers with the Members.

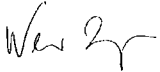
For your information, please find attached the preliminary draft programme of this event.

In addition, in order to better prepare the Members of the European and National Parliaments for the hearing, I would be grateful if you could please reply to the questions annexed to this letter, preferably before **Friday 27 January 12:00**. Should this not be feasible, I would be very thankful if you could inform my services accordingly.

Should you need any additional information or should you have any queries on this hearing, please do not hesitate to contact Mr Benoit Wets (tel.: +32 2 28 44659, benoit.wets@ep.europa.eu) for content-related questions or the Secretariat of the PANA Committee (pana-secretariat@ep.europa.eu).

I look forward to seeing you on 31 January 2017.

Yours sincerely,



Dr. Werner Langen

Encl.: Draft programme
Written questions to Prof. Mark Pieth



Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion

ECON/ PANA MEETING
Interparliamentary Week: Questions to Prof. Mark Pieth

Tuesday 31 January (9:30-11:15)
Brussels

Draft list of written questions

1. Could you explain the reasons of your resignation from the Independent Committee to revise the practices of the legal and financial industry in Panama?
2. Did you meet with Mr Mossack or Mr Fonseca during your three months assignment to the Committee? If yes, what was the main outcome of this meeting? If not, did the Committee intend to meet them?
3. Has the Panamanian government changed its legislation since the revelations of the Panama Papers? If yes, could you please indicate how?
4. Without entering into the details of specific cases, could you briefly describe the main schemes that were used to hide tax revenues or launder money? Is there a typology in the schemes used or do your findings reveal that each case is specific? What are the main findings revealed by the Panama Papers?
5. Did you encounter obstacles (legal pressure etc. in your work? Have you felt pressure during your three months in the Committee? If yes, could you please explain?
6. Mossack Fonseca is at the centre of the Panama papers. Could you please indicate its role in setting up shell companies? What was the role of banks and financial intermediaries that

worked with Mossack Fonseca? Which conclusions would you draw on the role of - on the one hand- advisors and - on the other hand- banks?

7. On the basis of this, in your view, should the regulations on tax advisors and auditors be strengthened? Should the regulations on banks and financial intermediaries be strengthened? If yes, would you have any suggestions on how this could be done? Would you consider the rules in place sufficient? Would you think there is a problem in the implementation or law enforcement of the rules?
8. At the London anti-corruption summit in May 2016, representatives from the Cayman Islands, Bermuda and the Isle of Man warned that the 'hypocrisy' of the US was hurting the global push for greater financial transparency. They put pressure on the U.S. states of Nevada, Wyoming and Delaware to address their lack of corporate transparency. Could you please share with us your views on this? Would you consider that there is evidence of a lack of (corporate) transparency in these states?
9. Would you describe some countries as more problematic in terms of money laundering or lack of transparency for tax purposes?
10. The investigative work of the international consortium of journalists (ICIJ) has shown the importance of bearer shares in order to maintain secrecy/anonymity. When the British Virgin Islands cracked down on bearer shares in 2005, Mossack Fonseca moved bearer share clients to Panama. Figures available on the ICIJ website tend to show that Mossack Fonseca stopped using bearer shares in its tax optimisation schemes (decreasing trend starting in 2005 with almost no use of bearer shares in 2015). Would you know why this happened? One of the reasons could be that countries all over the world have abolished bearer shares. Would you be able to enumerate countries that still have bearer shares? If Mossack Fonseca stopped using bearer shares, do you know by which other scheme they were replaced in order to keep anonymity?
11. Could you describe the different mechanisms used to effectively preserving the anonymity of the beneficial owners, and the best ways you could think to tackle them?
12. Figures show a decline of offshore companies incorporated by Mossack Fonseca since 2009. Could you perhaps explain why? Would you think this is a general trend due to changes in regulations or is it specific to Mossack Fonseca? If this would be a general trend, do you know where the activity has moved and why?
13. At the hearing of 27 September 2016, the journalist Oliver Zihlmann, head of the joint investigation team of Le Matin Dimanche and SonntagsZeitung, revealed a loophole in the Swiss Anti Money Laundering regulation which allowed Swiss lawyers to not be forced to operate due diligence¹. The combination of the Panamian and Swiss legislation lead to no obligation of due diligence for any of the Panamian and Swiss intermediaries. Taking into account your experience as expert for the Swiss authorities, can you confirm this loophole? Was it in the meantime closed by the Swiss legislator? Are you aware of any other loophole that should be closed either in the Swiss or EU legislation?

¹ see https://polcms.secure.europarl.europa.eu/cmsdata/upload/63d471e9-2e26-47ce-9366-33cf9199e0e0/PANA_27sept_booklet_en.pdf

14. In your report with Professor Stiglitz on the shadow economy you express concerns as regards money laundering standards. For instance, you refer to the 25 percent threshold ownership in FATF's beneficial ownership definition (that is, an individual with less than a 25 percent interest does not have to be identified). What would be your suggestions for comprehensive threshold to tackle AML? Are there any loopholes that need to be addressed in your experienced-opinion?
15. What in your views could be an appropriate response by the EU legislator (Parliament and Council) to the Panama Papers?
16. Taking your past experience as member of the Financial Action Task Force on Money Laundering (FATF) and the scale of the Panama Papers into account, would you make suggestions to improve its way of working, to strengthen the existing recommendations or to reinforce the criteria to determine high risk countries? What are the key issues that need to be considered in the construction of an EU Blacklist of countries for anti-money laundering purposes?
17. Taking your experience as Chair of the Independent Governance Committee overseeing the FIFA reform and the so called revelations of "Football leaks" where the role of football agents appear to be central in assisting players using offshore companies to hide their revenues, what would be your recommendations to make it more difficult for players to hide their revenues to tax authorities.