

# The Myth of Panama Papers – *What it is and what it is not*



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of Australia & New Zealand

Haldanes

# Why do we concern about Panama?



# 3 things you know about Panama?



# Panama Papers – what's the story?

MOSSACK ✖ FONSECA

[John Doe]  
Hello. This is John Doe.  
Interested in data?

[John Doe] We're very interested.  
There are a couple of conditions. My life is in danger.  
We will only chat over encrypted files.  
No meeting, ever.  
The choice of stories is obviously up to you.

[Süddeutsche Zeitung]  
Why are you doing this?

[John Doe]  
I want to make these crimes public.

# Panama Papers are not...

1. Misnomer - not “Panama Papers”!!!
2. Being named in PP – not *per se* criminal or dubious
3. Not evidence of criminal wrongdoings  
(yet)

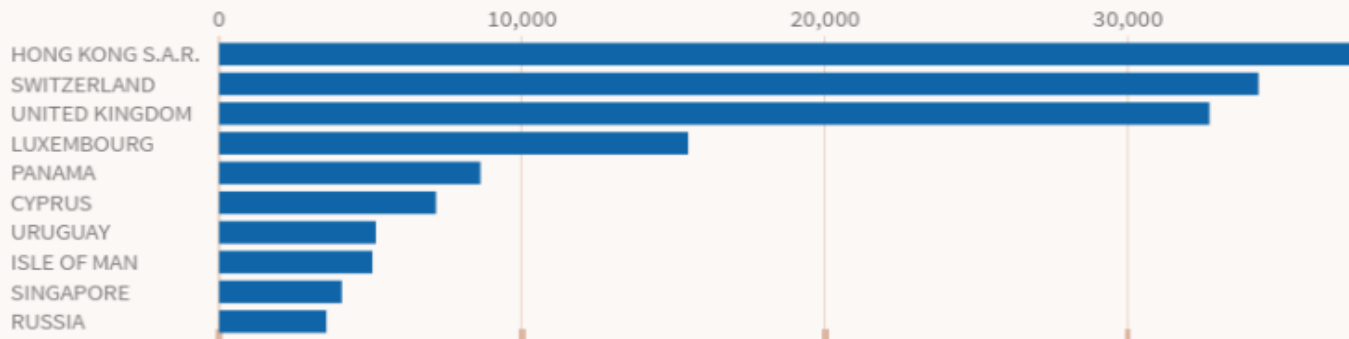


# Panama Papers are....



1. “Mossack Fonseca Papers”
2. or....at most... "Hong Kong Papers"?

## Countries with the most active intermediaries



Mossack Fonseca worked with intermediaries in more than 100 countries all over the globe. Their most active clients by number of offshore company incorporations were from Hong Kong, Switzerland and the United Kingdom.



Source: The Panama Papers [Read more](#)

# Panama Papers are....

3. Per Edward Snowden: *"the biggest leak in the history of data journalism"*
  - Panama Papers - **2.6 TB data / over 11 million records**
  - Edward Snowden - **1.7 million documents** (15% of PP)
  - Julian Assange / Wikileaks (2010) - Afghanistan & Iraq War  
**1.7GB data / 92,000 & 400,000 documents**



# Latest stories – from Panama & beyond

## Panama Papers leaks: political connections

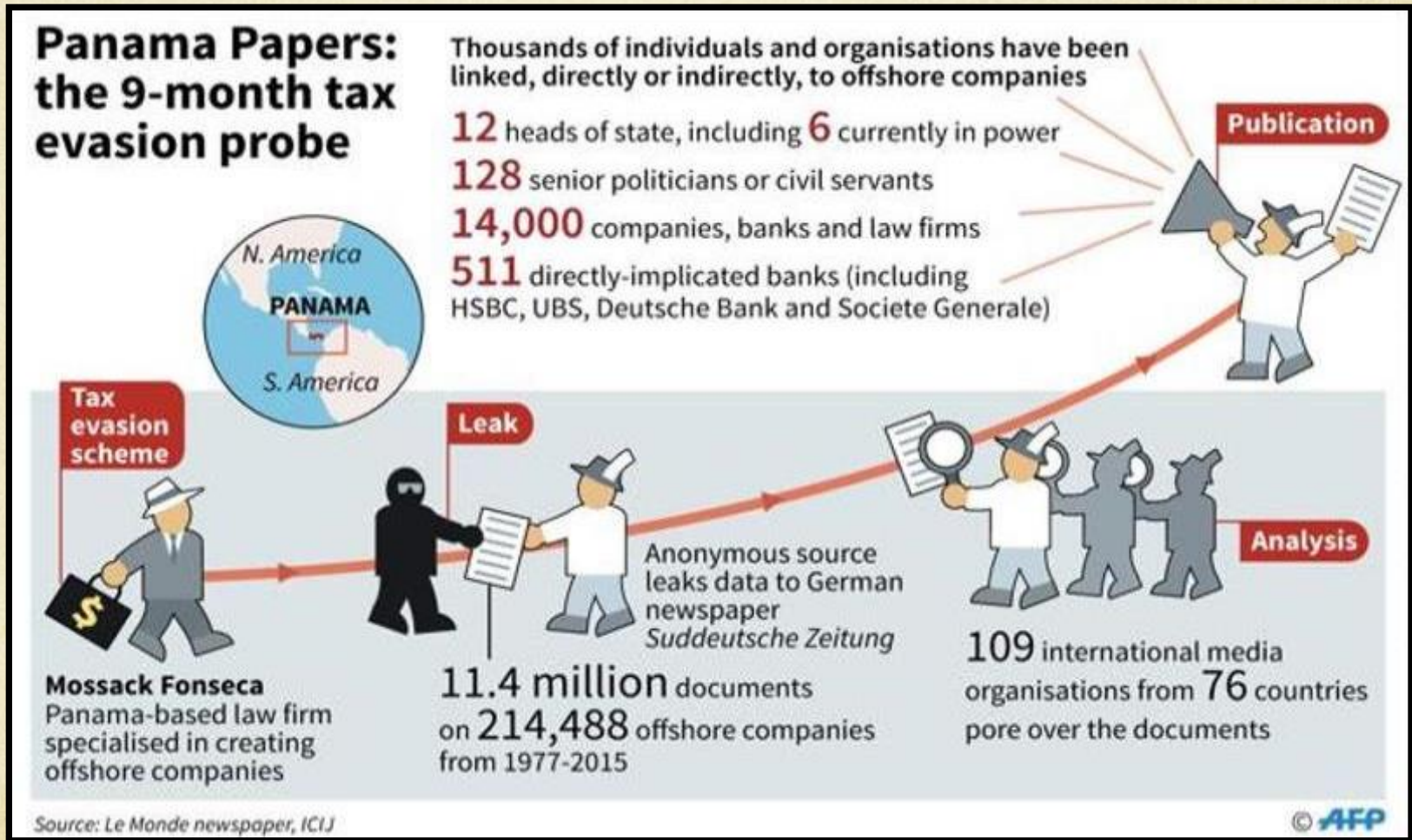
Most of the alleged dealings are believed to be legal but political fall-out is expected

**140 political figures** from more than **50 countries** are implicated





# Panama Papers –significance?



# Panama Papers - Impact on Hong Kong?

伯查報 巴拿馬文件 港政商 BVI 大曝光

報明

A2 A4 A5 A6

**劉鴻煒**  
華人富豪主席

**劉皇發及其家族**  
行政會議前成員、前港府財政司

**唐英年**  
行政會議前成員、前香港特首

**成龍**  
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**李兆基**  
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**吳立勝**  
香港保險界、澳門博覽會發展副總人

巴拿馬文件大曝光，揭開香港政商名流在BVI的資產布局。包括劉鴻煒、劉皇發、唐英年、成龍、李嘉誠、李兆基、吳立勝等。文章詳述了這些名流如何利用BVI公司進行資產保護和避稅，以及這些操作對香港金融和稅務制度的影響。



# Lesson from PP: wake up call for HK?

- Failure of HK's AML & Anti-tax evasion regime?
- AML legislation
  1. Drug Trafficking (Recovery of Proceeds) Ordinance (Cap 405)
  2. Organized & Serious Crimes Ordinance (Cap 455)
  3. United Nations (Anti-Terrorism Measures) Ordinance (Cap 575)
  4. Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap 615)
- Anti-Tax Evasion
  1. S.82 Inland Revenue Ordinance: *“Willfully with Intent to Evade Tax”*
  2. Common Law offence: *“Cheating the Public Revenue”*



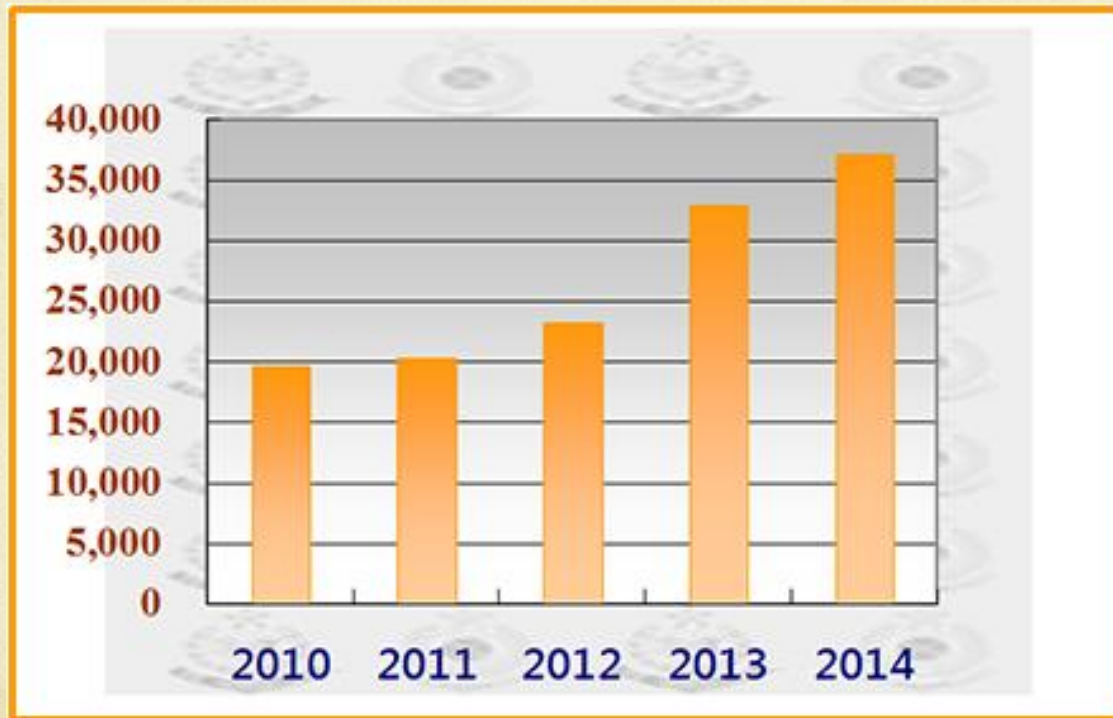
# Money Laundering– HK Recent Developments

- Money Laundering (s 25 OSCO) : “dealing with any property known or believed to represent proceeds of an indictable offence”
- Knowing (*subjective*) or having reasonable grounds to believe (*inferred from circumstances*)
- **NOTE:** *NOT* necessary for prosecution to prove the money was in fact “dirty” / derived from the predicate offence (*CFA decision - Oei Hengky Wiryo 2007*)
- Reverse is true: Accused has to show DD has been done - money is “clean” or “not dirty”
- Effectively – “criminal negligence”
- CFA Appeal of *Yeung Ka Sing Carson (FAMC29/2015)*



# Suspicious Transaction Reports

- Obligation to report (STR) to JFIU (s.25A OSCO)



# STRs by profession

Sector	No. of STR received in 2014	Percentage (%)
Banks	31,095	83.62
Insurance	446	1.20
Securities	1,574	4.23
Money Service Operator	2,772	7.45
Money Lender	32	0.09
Real Estate	29	0.08
Dealers in Precious Products	18	0.05
Legal	222	0.60
Accounting	3	0.01
Trust & Corporate Services	46	0.12
Others	951	2.55
<b>Total</b>	<b>37,188</b>	<b>100</b>

# Reform?

- What else do we need?

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**Juan Penalti**  
Soccer Player



**Polly Tissien**  
Politician



**Edmund von Kronen**  
Business Executive

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