

Panama Papers: New leak shows Pak clients struggling to avoid trouble

Page NO.01 Col NO.02

ISLAMABAD: A fresh batch of leaked documents of Panamanian law firm, Mossack Fonseca, reveals how panic triggered after the release of Panama Papers among the firm and its clients; several of them were Pakistanis who had to change their plans of hiding wealth abroad amid fear of yet another leak.

A person nominated by PPP for interim PM, who had also been chairman of the Pakistan Cricket Board (PCB), abandoned the process of opening two accounts in Swiss banks after the Panama Papers through his two benami shell companies which came to surface earlier but their ownership was unknown.

Former attorney general Justice (R) Malik Qayyum disassociated himself from a benami company. Its Swiss bank account had Qayyum and his wife as signatories. Samina Durrani, the mother of Tehmina Durrani, “gifted” one offshore company holding property in the UK, to Asimullah Durrani, her son, a few months after the release of Panama Papers.

Meanwhile, a Pakistani banker in the Middle East, Saleem Sheikh, was found seeking explanation from the law firm about the steps taken to prevent any embarrassment in future through yet another leak.

Instead of replying to this concern, Mossack Fonseca served him notice in April 2017 together with other Pakistani passport holders having companies in British Virgin Islands to change their registered agent as “an administrative decision has been taken to resign as registered agent/office for companies with links to high risk countries.” Pakistan is among those 21 countries declared prohibited for business by BVI in April 2017. Nielsen and Nescoll, the offshore companies owned by Sharif family had changed their agent in 2014 hence no detail was found in the latest leak.

The newly obtained documents also bring under spotlight financial details of sports celebrities like soccer superstar Lionel Messi, politicians like Argentine president’s family and a former Kuwaiti official convicted for looting his country’s social security system.

The fresh leak comprises 1.2 million documents which date from a few months before April 2016 (when 11.5 million Panama Papers were released) onward to December 2017. The documents were leaked to Munich-based Süddeutsche Zeitung, which shared them with International Consortium of Investigative Journalists (ICIJ). The News is ICIJ’s only Pakistani partner which collaborated in Panama Papers, Paradise Paper and now in this latest project.

The Mossack Fonseca announced its closure in March this year due to, what it describes, “the reputational deterioration, the media campaign, the irregular actions of some Panamanian authorities have caused irreparable damage.”

The new leak reveals how the embattled law firm scrambled to contain the fallout from the leak and identify its own clients. A couple of months after the firm became aware of its records had been leaked, it was unable to identify owners of more than 70 percent of 28,500 active companies in the British Virgin Islands, its busiest offshore hub, and 75 percent of 10,500 active shell companies in Panama. Know-your-client law makes it obligatory for the financial institution to know who they are doing business with and what’s their past, a due diligence process often ignored.

Two such anonymous companies were legally represented by Justice (R) Malik Muhammad Qayyum: Camberwell Financial Limited and Fernbridge Resources Inc. The former is registered in the British Virgin Islands and the latter in Panama. Who is the beneficial owner remains unknown to-date. Both were used for opening accounts in LGT Bank Switzerland Ltd wherein Malik Qayyum was signatory of the account (his wife was co-signatory of the account opened in the name of Fernbridge Resources Inc.)

When The News contacted for his version a week before the release of Panama Papers on April 4, 2016, Qayyum said Fernbridge had been his client and he couldn’t disclose detail about the owner. About his wife as co-signatory, he explained the client required two signatories and his wife was travelling with him. “It is my practice to normally have a trusted backup signatory in such transaction,” he told then.

Newly released documents include two letters dated April 6, 2016 (second day after the release of Panama Papers), issued by non-beneficial Panama-based directors of Fernbridge to declare that Qayyum was legal representative of the company and that his wife was made signatory on his suggestion. It was explicitly mentioned in these “To Whom IT May Concern” letters that they have been issued on Qayyum’s request. A letter of his engagement with Fernbridge signed by directors is dated Aug 27, 2012. However, email data in the leaked record shows that the drafts of above three letters were sent for signatures on April 7 and returned on April 11. There is yet another signed letter dated April 14 wherein the shareholders and directors of Fernbridge have “approved your removal as authorised signatory of the company.”

Incidentally, this letter was signed on April 13. The record shows and it strengthened the suspicion of backdated documentation carried out haphazardly amid Panama Papers panic. Responding to this, Qayyum confirmed he was no more legal representative of the company.

Neither The News could mention in past the British Virgin Islands-based Camberwell Financial Limited legally represented by Qayyum nor is there any evidence from the leaked documents to suggest that he sought removal from there. Both of the companies are looked after by the so-called same board of directors which are appointed by the service providers.

They are neither shareholders nor beneficial owners of the company. Qayyum when contacted for this story, confirmed he was not more legal representative of Fernbridge. About Camberwell, he expressed ignorance.

Two Panama-based companies owned by the PPP nominee for interim PM who also happened to be the president of a bank in last PPP government, would have remained anonymous had this fresh leak not made possible. Tavendish Engineering S.A. and Jeflian Investment S.A. were part of documents leaked earlier but the ownership was kept secret. As companies were in process of opening bank accounts at Swiss bank, LGT Bank, (where companies represented by Qayyum also had accounts), it was made known he, his wife and son are beneficial owners. They however changed mind of opening bank accounts after the release of Panama Papers fearing the secrecy they look for is vulnerable to leaks.

“The shareholders were in process to open a bank account with LGT in Switzerland, but after what happened with the leak, they decided to liquidate the company and not to open the bank account. They will open a bank account in their personal names,” read an email of June 9, 2016. Incidentally, the relationship manager dealing with Qayyum and the former PCB chairman accounts is the same person, Ahmed Tahir Butt. The release of Panama Papers also hurried the transfer of a company from mother (Samina Durrani) to her son (Asimullah Durrani). In March 2016 when The News contacted Tehmina Durrani (daughter of Samina and wife of Shahbaz Sharif) as her mother was untraceable, she expressed ignorance of any property owned by her mother. As the story of Samina’s offshore companies featured prominently, the process of gifting started completing on November 10, 2016.

Armani River Limited which has been gifted to Asad owns a property in the UK whose estimated value has been declared as one million pounds. Source of funding for this property has been described as the saving of his late father, Shakirullah Durrani, former governor State Bank of Pakistan. Star Precision Limited and Rainbow Limited are two other offshore companies of Samina Durrani. Star Precision’s described assets as per Panama Papers is “cash as the investment portfolio. We are also holding 1,165,238 shares in Orix Leasing Pakistan Limited.”

Although Mossack Fonseca announced its closure in March this year, it started resigning in April as registered agent of clients from Pakistan which is “on our current prohibited list of countries.” “Kindly however advise the client that an administrative decision was made after conducting a risk assessment to cease acting as agent for companies associated with Pakistan currently, due to the elevated country risk. “Accordingly, we suggest that they make arrangements to change the registered agent/office of the company soonest,” read an email.

There are another 20 countries which have been declared ‘High Risk’ due to money laundering and terror financing. Pakistan has been flagged due to terror financing. Other high risk countries are Afghanistan, Belarus, Bosnia, Central African Republic,

Cuba, Congo, Eretria, Iran, Iraq, Lebanon, Libya, North Korea, Serbia, Sierra Leone, Somalia, South Sudan, Sudan, Syria, Yemen and Zimbabwe.