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FILED
MAR 25 2002
RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

IN THE MATTER OF THE TAX LIABILITIES OF:

JOHN DOES, United States taxpayers who, during the years ended December 31, 1999 through December 31, 2001, had signature authority over VISA cards issued by, through, or on behalf of banks or other financial institutions in Anguilla, Antigua and Barbuda, Aruba, Bahamas, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Cyprus, Dominica, Gibraltar, Guernsey/Sark/Aldeney, Hong Kong, Isle of Man, Jersey, Latvia, Liechtenstein, Luxembourg, Malta, Nauru, Netherlands Antilles, Panama, Samoa, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Singapore, Switzerland, Turks and Caicos, and Vanuatu.

CV 02 00046 MISC

EX PARTE PETITION FOR LEAVE TO SERVE JOHN DOE SUMMONS

The United States of America, by and through its undersigned attorney, David W. Shapiro, United States Attorney for the Northern District of California, avers as follows:

JURISDICTION

1. This *ex parte* proceeding is commenced pursuant to Sections 7402(a), 7609(f), and 7609(h) of the Internal Revenue Code (26 U.S.C.), for leave to serve an Internal Revenue Service "John Doe" summons upon VISA International.

2. VISA International is a nonstock membership corporation under the laws of Delaware having its principal place of business at 900 Metro Center Boulevard, Foster City, California. The Court has jurisdiction to hear and determine this proceeding pursuant to 26 U.S.C. § 7609(h) because VISA International resides and is found in this district.

INTRADISTRICT ASSIGNMENT

3. This proceeding relates to a "John Doe" summons to be served in the County of San Mateo.

ALLEGATIONS

4. As explained in the Declaration of Revenue Agent Joseph C. West attached hereto as Exhibit A and incorporated herein by reference, the Internal Revenue Service is conducting an investigation to determine the correct federal income tax liabilities, for the years ended December 31, 1999 through 2001, of United States taxpayers who have signature authority over VISA cards issued by, through, or for banks or other financial institutions in Anguilla, Antigua and Barbuda, Aruba, Bahamas, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Cyprus, Dominica, Gibraltar, Guernsey/Sark/Aldeney, Hong Kong, Isle of Man, Jersey, Liechtenstein, Luxembourg, Malta, Nauru, Netherlands Antilles, Panama, Samoa, St. Kitts and

Nevis, St. Lucia, St. Vincent and the Grenadines, Singapore, Switzerland, Turks and Caicos, and Vanuatu.

5. In furtherance of this investigation, the Internal Revenue Service has issued, under the authority of Section 7602 of the Internal Revenue Code, an Internal Revenue Service "John Doe" summons to VISA International. A copy of the summons is attached to the Exhibits Appendix to Declaration of Revenue Agent West at Tab 1.

6. The "John Doe" summons relates to the investigation of an ascertainable group or class of persons, that is, United States taxpayers who, during the years ended December 31, 1999 through 2001, had signature authority over VISA cards issued by, through, or for banks or other financial institutions in the jurisdictions listed above; there is a reasonable basis for believing that such group or class of persons may fail, or may have failed, to comply with one or more provisions of the Internal Revenue laws; and the information sought to be obtained from the examination of the records or testimony (and the identity of the persons with respect to whose tax liabilities the summonses have been issued) is not readily available from other sources.

7. In further support of this Petition and incorporated herein by reference, the Petitioner submits the declarations of Revenue Agent West and of Jack A. Blum, attached hereto as Exhibits A and B, respectively, and the Exhibits Appendix to the declaration of Revenue Agent West.

WHEREFORE, the petitioner respectfully prays:

A. That this Court enter an order permitting service of the Internal Revenue Service "John Doe" summons issued to VISA International in substantially the form as attached to the Exhibits Appendix to Declaration of Revenue Agent West at Tab 1; and

B. That this Court grant such other and further relief as the Court deems proper or justice may require.

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

IN THE MATTER OF THE TAX LIABILITIES OF: JOHN DOES, United States taxpayers who, during the years ended December 31, 1999 through December 31, 2001, had signature authority over VISA cards issued by, through, or on behalf of banks or other financial institutions in Anguilla, Antigua and Barbuda, Aruba, Bahamas, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Cyprus, Dominica, Gibraltar, Guernsey/Sark/Aldeney, Hong Kong, Isle of Man, Jersey, Latvia, Liechtenstein, Luxembourg, Malta, Nauru, Netherlands Antilles, Panama, Samoa, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Singapore, Switzerland, Turks and Caicos, and Vanuatu.	DECLARATION OF JOSEPH C. WEST

I, Joseph C. West, pursuant to 28 U.S.C. Section 1746, declare and state:

I am a Revenue Agent/Analyst with the Large and Mid-Size Business Division of the Internal Revenue Service. I have been a Revenue Agent for 22 years. As a Revenue Agent, I have received training in tax law and audit techniques. In addition, I am a Certified Public Accountant and I have received a Masters of Science Degree in Taxation.

I have extensive experience with respect to the use of financial accounts in offshore tax haven and financial privacy jurisdictions developed in the course of the following representative activities: (1) attending a United Nations session on financial

havens, bank secrecy and money laundering; attending, organizing and making presentations at four Pacific Association of Tax Administrators (PATA)/Group of 4 meetings on offshore transactions and electronic commerce concerns; participating in a Rand Corporation exercise on electronic commerce and offshore jurisdictions; attending and having conversations with participants at an offshore seminar; (2) conducting interviews of a former Cayman Islands banker, a U.S. private banking employee, an employee of an offshore promoter, an individual who utilized a credit/debit card to access funds illegally diverted to an account in the Cayman Islands, and the publisher of an offshore news periodical; (3) having conversations and consultations with a leading offshore expert and with knowledgeable employees of various governmental and regulatory agencies, including Office of Comptroller of the Currency, Federal Reserve and the State Department; (4) conducting interviews with credit card companies, including American Express, MasterCard International and VISA International, and third party card processors; (5) having discussions with IRS employees throughout the United States concerning their experiences with examinations involving offshore transactions; (6) conducting examinations involving offshore transactions and providing assistance to examiners engaged in the examination of offshore transactions; (7) attending multi-agency meetings on the impact of offshore jurisdictions; (8) assisting in the national foreign trust project and participating in the creation of the national foreign trust training; (9) providing assistance to the IRS National Office in an Organization for Economic

Cooperation and Development (OECD) initiative on tax haven countries; (10) participated in the ongoing creation of an Offshore Audit Techniques Guide; (11) providing assistance since 1997 to other revenue agents, around the country, who have been auditing tax haven and offshore issues.

The Internal Revenue Service is conducting an investigation to determine the correct federal tax liabilities, for the years ended December 31, 1999, 2000 and 2001, of United States taxpayers who have signature authority over VISA cards issued by, through, or for banks or other financial institutions in Anguilla, Antigua and Barbuda, Aruba, Bahamas, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Cyprus, Dominica, Gibraltar, Guernsey/Sark/Aldeney, Hong Kong, Isle of Man, Jersey, Latvia, Liechtenstein, Luxembourg, Malta, Nauru, Netherlands Antilles, Panama, Samoa, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Singapore, Switzerland, Turks and Caicos, and Vanuatu.

To facilitate this investigation, the Internal Revenue Service has issued, under the authority of Section 7602 of the Internal Revenue Code (26 U.S.C.), a "John Doe" summons to VISA International, its affiliates and subsidiaries. A copy of this summons is attached to the Exhibits Appendix, submitted contemporaneously with this Declaration, at Tab 1. The records sought by the summons will reveal the identities of and/or disclose transactions by persons who may be liable for federal taxes and will enable the Internal

Revenue Service to investigate whether those persons have complied with the internal revenue laws.

Based upon my experience and information received from other investigations, it is likely that a number of the persons who have signature authority over VISA cards issued by, through, or for banks or other financial institutions in the jurisdictions identified in the "John Doe" summons may have been under-reporting income, evading income taxes, or otherwise violating the internal revenue laws of the United States.

The "John Doe" summons to VISA International relates to the investigation of an ascertainable group or class of persons. There is a reasonable basis for believing that this group or class of persons has failed or may have failed to comply with provisions of the internal revenue laws. The information and documents sought to be obtained by these summonses are not already in the possession of the Internal Revenue Service and are not readily available from sources other than VISA International.

I INTRODUCTION

The Internal Revenue Service has been concerned with the growing problem of United States taxpayers, involved in both lawful and unlawful activities, evading the payment of United States taxes by concealing unreported taxable income or claiming improper deductions as a result of maintaining diverted funds in accounts in offshore tax haven and financial privacy jurisdictions and accessing those funds through the use of payment cards (including credit, charge or debit cards) issued to the taxpayer. The United

States Congress, the United States Treasury Department, a Presidential Commission, the Internal Revenue Service and numerous journalists have examined and reported on this problem.

II OVERVIEW ON THE USE OF OFFSHORE TAX HAVEN AND FINANCIAL PRIVACY JURISDICTIONS

A. The Gordon Report

On January 12, 1981, the Internal Revenue Service issued a report entitled "Tax Havens and Their Use by United States Taxpayers - An Overview," commonly known as the "Gordon Report" for its author, Richard A. Gordon, Special Counsel for International Taxation. The Gordon Report was based on a review of judicial decisions and published literature in the field of international tax planning, research into internal IRS documents concerning taxpayer activities, interviews with IRS personnel, personnel who dealt with tax haven issues for other federal government agencies, and lawyers and certified public accountants who specialized in international taxation. Additionally, the findings in the Gordon report were based on a statistical analysis of available data concerning international banking, United States direct investment abroad and foreign investment in the United States.

The Gordon Report states that the available data and interviews with practitioners, IRS personnel, personnel from other agencies and representatives of foreign governments support the view that taxpayers ranging from large multi-national companies to individuals and criminals are making extensive use of tax havens. It describes tax haven

countries as having at least some of the following characteristics: (1) low rates of tax when compared with the United States; (2) a high level of bank or commercial secrecy that the country refuses to breach even under an international agreement; (3) relative importance of banking and similar financial activities to its economy; (4) the availability of modern communication facilities; (5) lack of currency controls on foreign deposits of foreign currency; and (6) self-promotion as an offshore financial center. The Gordon report concluded that there are:

> enormous and growing levels of financial activity and accumulation of funds in tax havens [as well as a] large number of transactions involving illegally earned income and legally earned income which is diverted to or passed through havens for purposes of tax evasion.

The Gordon Report also found that the "term 'tax haven' may also be defined by a 'smell' or reputation test: a country is a tax haven if it looks like one and if it is considered one by those who care. Many publications identify jurisdictions as tax havens, and the same jurisdictions generally appear on all of the lists." The tax havens studied in the Gordon Report include the Bahamas, Bermuda, Cayman Islands, the Channel Islands, Hong Kong, Isle of Man, Luxembourg, Netherlands Antilles, Panama, Singapore, and Switzerland.

B. The Caribbean Basin Report

On January 6, 1984, the United States Department of the Treasury published an update of the Gordon Report entitled "Tax Havens in the Caribbean Basin." The Caribbean Basin Report includes Bahamas, Bermuda, Cayman Islands, Netherlands Antilles, and Panama among the Caribbean Basin tax haven jurisdictions that are the focus of the report. The Report includes a discussion of tax haven transactions designed to escape taxation through fraudulent means including so-called "double-trust" schemes and the use of tax haven corporations to hide beneficial ownership. The Caribbean Basin Report concludes with the following language:

> It is difficult to measure the illegal use of tax havens because of the nature of the transactions and because of the difficulty of obtaining information from most tax havens. Nevertheless, it seems reasonable to assume that a great deal of activities designed to violate the tax and other laws of the United States takes place in the Caribbean Basin tax havens.

C. The Crime and Secrecy Report

On August 28, 1985, the Permanent Subcommittee on Investigations of the United States Governmental Affairs Committee issued a report entitled "Crime and Secrecy: The Use of Offshore Banks and Companies." The Crime and Secrecy Report summarized the offshore problem as follows:

> The subcommittee found that the criminal exploitation of offshore havens is flourishing because of haven secrecy and foreign government intransigence in the face of overwhelming evidence of dirty money in their banking systems. The effect has been to systematically obstruct U.S. law enforcement investigations, erode the public's confidence in our criminal

justice system, and thwart the collection of massive amounts of tax revenues.

The report includes a quote from Senator William V. Roth, Chairman of the subcommittee regarding the committee's findings on the use of tax havens by American citizens:

> But equally shocking is the fact that we have also found that offshore havens are no longer used exclusively by criminals. Instead, they are increasingly being used by otherwise law abiding Americans to avoid paying taxes and to shield assets from creditors.

The Crime and Secrecy Report estimated that the "underground economy" at that time was hiding between $150 billion and $600 billion apparently unreported income from both legal and illegal business from the Internal Revenue Service. Furthermore, it stated that the underground economy was unquestionably linked to the use of offshore facilities. The Crime and Secrecy Report includes an extensive discussion of "principal havens," including Anguilla, Antigua, Bahamas, Bermuda, Cayman Islands, Hong Kong, Liechtenstein, Luxembourg, Nauru, Netherlands Antilles, Panama, St. Vincent and the Grenadines, Singapore, Switzerland, Turks and Caicos Islands, and Vanuatu.

D. The United Nations Report

On May 29, 1998, the United Nations' Office for Drug Control and Crime Prevention, Global Programme Against Money Laundering, released a report entitled "Financial Havens, Banking Secrecy and Money Laundering." The United Nations Report states that offshore financial centers, tax havens and bank secrecy jurisdictions --

> attract funds partly because they promise both anonymity and the possibility of tax avoidance or evasion. A high level of bank secrecy is almost invariably used as a selling point by offshore financial centers. Many Internet advertisements for banks emphasize the strictness of the jurisdiction's secrecy and assure the prospective customers that neither the bank nor the government will ever give bank data to another government. When the advertising is for private banks, it also stresses the protection from tax collectors.

United Nations Report, pg. 37.

Among the "major financial havens" described in this report are the following jurisdictions: Anguilla, Antigua, Aruba, Bahamas, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Cyprus, Gibraltar, Guernsey, Hong Kong, Isle of Man, Jersey, Liechtenstein, Luxembourg, Malta, Nauru, Netherlands Antilles, Panama, Samoa, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Singapore, Switzerland, Turks and Caicos Islands, and Vanuatu. United Nations Report, pg. 51.

E. The OECD Report on Harmful Tax Practices

In June 2000, the Organisation for Economic Co-Operation and Development (OECD) issued its Report on Progress in Identifying and Eliminating Harmful Tax Practices (at http://www.oecd.org/pdf/M000014000/M00014130.pdf) in furtherance of its efforts to establish an "international framework to counter the spread of harmful tax competition." The OECD has described its "starting point for identifying a tax haven as whether the jurisdiction has no or nominal taxation on financial or other service income and offers or is perceived to offer itself as a place where non-residents can escape tax in their country of residence. Other key factors are used to confirm the existence of a tax

haven (hereinafter referred to as the 'tax haven criteria') that focus on transparency, exchange of information, and local business activities of foreign enterprises." From an initial identification of forty-seven such jurisdictions, the OECD identified in this Report thirty-five uncooperative jurisdictions meeting its definition of tax haven. Several jurisdictions were not included on the list because they had made public political commitments prior to June 2000 to eliminate their harmful tax practices. Prior to a deadline of February 28, 2002, sixteen other jurisdictions have also announced commitments to the OECD. As set forth in the OECD's 2001 Progress Report (at http://www.oecd.org/pdf/M00021000/M00021182.pdf), a jurisdiction will not be considered uncooperative if "it commits to transparency and effective exchange of information." The commitments made by these jurisdictions would not allow the Internal Revenue Service to request the exchange of information with respect to the investigation of U.S. taxpayers for the years ended December 31, 1999 through 2001.

III THE USE OF CARDS IN OFFSHORE SCHEMES

A. Overview

Based upon my involvement with a compliance initiative gathering project on offshore transactions, I have found the use of payment cards (including credit, charge and debit cards), as a means of obtaining access to offshore funds, to be a common practice promoted by offshore professionals and used by persons with offshore accounts. My investigation and research reveals that the following generally occurs. To engage in an

offshore scheme, the individual in the United States (hereinafter "U.S. person" or "U.S. taxpayer") will find an offshore professional to assist in the development of an overall offshore plan. The plan will often include the creation of an entity or entities in a financial secrecy jurisdiction. For example, the offshore professional will facilitate the creation of an International Business Corporation ("IBC") in the Bahamas. The IBC will have nominee owners, usually employees of a Bahamian law firm. The nominee owners will execute some type of agreement or declaration stating that they hold the shares of the IBC for the U.S. person, who then is referred to as the beneficial owner of the IBC. Under Bahamian secrecy laws, there can be no disclosure of the U.S. person's beneficial ownership of the IBC. There will be no mention of the U.S. person's ownership interest in any of the corporate documents or corporate filings. Once the offshore structure is created, the next step is devising methods to transfer funds or assets to the IBC. These funds or assets may represent profits the U.S. person seeks to hide from U.S. tax authorities. The last step in the process is using techniques to access funds when desired, either by repatriation or by use abroad. Payment cards are a common and purportedly a non-traceable method of accessing offshore funds in any location where the card is honored. The card account may be in the name of the U.S. person or in the name of the beneficially owned foreign entity. Offshore cards are typically secured by funds equaling anywhere from 100% to 200% of the credit extended. The funds are locked into an account at the bank offering the card. Arrangements can be made for discreet billing and

discreet card payments such that all such transactions occur away from the scrutiny of U.S. investigators.

The United Nations Report, discussing the use of cards as a repatriation device, states that:

> Funds can be repatriated through a debit or credit card issued by an offshore bank. Withdrawals from ATM machines or expenditures using the card can be settled either by automatic deduction from a foreign bank account or by the card-holder periodically transferring the required funds from one foreign bank account to another. Debit cards are superior from the point of view of automaticity and confidentiality. However, even an ordinary credit card can be turned into a debit card by being secured through the deposit of collateral with the issuing bank. Although secured credit cards were initially intended to give persons who were deemed a bad credit risk the advantages of use of a credit card, something that is increasingly essential for many purposes such as reserving hotel rooms or renting cars, it can be very useful to anyone seeking to lower their financial profile.

United Nations Report, pg. 18. The Report also states:

> Credit and debit cards are the way people who have laundered money draw ready cash without leaving a financial trail. As one advertisement for a bank put it, it is the best way to stay in touch with "your offshore account."

United Nations Report, pg. 102.

B. Interviews and Conversations

Interview with a Cayman Island Banker - I interviewed John Mathewson, the former president and majority owner of Guardian Bank, located in the Cayman Islands. Since his arrest in 1996 and subsequent guilty plea to bank fraud, tax evasion and money laundering charges, Mr. Mathewson has cooperated with the United States in the investigation of individuals who had used Guardian Bank to evade U.S. taxes. Mr.

Mathewson indicated to me that 95 percent of the over 1000 depositors at the bank were U.S. citizens. He indicated that he promoted the creation of an offshore entity to "own" the U.S. person's assets. Mr. Mathewson stated that he recommended numerous techniques to covertly move money from the U.S. to the Cayman Islands. These methods included wire transfer, money orders, check payments to correspondent accounts or dummy corporate accounts, diverting taxable receipts and false invoicing. Mr. Mathewson advised that he promoted the use of credit/debit cards so that his clients could covertly access funds stored in the Cayman Islands. He stated that these techniques were promoted and used to evade U.S. taxation. Mr. Mathewson showed me a credit card with the name of Guardian Bank embossed on the front, which he used for his personal purposes.

Interview with Employee of an Offshore Promoter - This person is a confidential informant. The person indicated that the promoter for whom he worked targeted U.S. persons to engage in offshore transactions. He further stated that the clients were advised to access their offshore funds via debit/credit cards.

C. Brochures

I attended an offshore conference and exposition held in London, England, on December 2-4, 1997. The conference, called Shorex 97, was marketed as "the Premier Offshore Conference." Exhibitors and presenters of information included numerous banks, offshore promoters, accountants, trustees, lawyers, software companies, tax haven

government officials, and other well known businesses interested in profiting from the offshore market. During our attendance at Shorex 97, I had the opportunity to obtain literature and promotional materials regarding offshore products. These are excerpts from a variety of brochures and advertisements:

➤Swiss American Banking Group Offshore Banking and Trust Management Services (Antigua) pamphlet:

> Swiss American Bank Ltd is a Principal Member of VISA International and MasterCard International. We promote a Secured Credit Card Programme, which allows private and corporate customers to set their own credit limits by maintaining an interest bearing deposit equivalent to 150% of the required credit line. It is a US dollar international credit card, honored by every major airline, car rental companies, fine hotels, restaurants and stores around the world. Furthermore, customers can use the VISA or MasterCard to obtain instant cash advances at most financial institutions worldwide through a global network of automatic teller machines. Charges are billed monthly and customers will typically maintain a separate current or savings account for which they will fax instructions to be debited to pay card charges. With our Swiss Americard programme, customers can enjoy unparalleled flexibility and confidentiality in accessing funds internationally, with discrete payment procedures.

➤ABI Financial Group (Antigua) brochure:

> Clients of AOB/ABIB may obtain a VISA Credit Card or MasterCard that gives them worldwide access to their accounts while preserving total confidentiality.

D. Internet Sites

I have reviewed various offshore/tax haven related Web sites on the Internet. A search of the Internet with any search engine using the key words "offshore" or "tax haven" will produce a very large number of hits. The Internet is becoming an increasingly popular method of obtaining information about any subject matter. As an information and marketing tool, the Internet is being used to market a wide variety of offshore related services. An individual can form an offshore corporation, create an offshore bank account, request offshore credit and/or debit cards, receive advice regarding offshore schemes, attend offshore presentations and do a variety of other offshore related tasks all via the Internet. Offshore services are being offered by a wide variety of individuals and entities. The marketers range from scam artists pushing offshore techniques as means to steal money from the public to major financial institutions. All are promoting the use of some offshore vehicle, either offshore trusts, foreign bank accounts or offshore corporations that are touted as being completely legal and are effective in reducing tax.

The following is a sampling of Web sites representative of the financial services being marketed:

- Finor Associates Ltd. (Finor Organization)
  http://www.finor.com

This "internationally diversified group" based in Panama provides "like-minded individuals and companies the best in offshore advice, products, and useful privacy

related services for highly confidential business." The tax considerations behind these services are clearly expressed:

> At this time, both direct and indirect taxes are accounted of, the Governments of most industrialized nations collect well in excess of 50% of all we earn, yet persistently say that taxes are lower than ever: believe that and you'll believe anything!
>
> That's why we have a situation where virtually everyone who is either self employed, owns and runs a business or has family money, needs to move offshore to protect both assets and income. In one way our philosophy is very simple - to pay the least tax ourselves and to help others do the same! It's not that we're against all taxes *per se*, but there are limits to what we'll take!

This website offers offshore banking with "NO Reporting Requirements, NO Taxation, International ATM Debit/Secured Credit Card Availability." Among the cards offered is a VISA debit card. Bank accounts with credit/debit cards are offered in the following jurisdictions (among others):

Anguilla
Antigua
Bahamas
Belize
British Virgin Islands
Cayman Islands
Cyprus
Dominica
Gibraltar
Guernsey
Hong Kong
Jersey
Latvia
Luxembourg
Malta
Panama

Singapore
Switzerland
Turks & Caicos

(Copies of these Web pages are attached to Exhibits Appendix at Tab 2).

➤ Barclays in The Caribbean
http://www.caribbean.barclays.com/offshore.html

This is the homepage for a large international bank offering offshore "international banking services from 5 centres in the Caribbean." The homepage displays a map that highlights the proximity of these Caribbean offshore banking centres to Miami, Florida, and thus their easy access by U.S. persons. From the homepage there is a link to a page setting forth the "Key Benefits of Banking with Barclays in the Turks & Caicos Islands." The benefits described include: "The jurisdiction is responsive to the needs of international investors, with a tax-free status and no double tax nor exchange of fiscal treaties with other countries." The links to the benefits of banking in the Bahamas and the British Virgin Islands also highlight their "tax-free status" and the "lack of exchange controls for non-residents." Available from Barclays is the Gold VISA Barclaycard with availability of cash advances of up to US$5,000 through a worldwide ATM network. These cards, if lost or stolen, "can be replaced within one working day (in the U.S.)"

(Copies of these Web pages are attached to Exhibits Appendix at Tab 3).

➤ Royal Bank of Canada Global Private Banking
http://www.rbcprivatebanking.com

This is the homepage for "one of the world's leading offshore banks" offering "high-net worth individuals and their families a high level of personal service along with a full range of offshore banking services. From offshore bank accounts to Internet banking, from international trust and tax planning to investing money offshore." The homepage includes a pull-down menu directing visitors to "Find out how you can: Get a VISA Gold Card." This takes the visitor to a page for the "Executive Plus" account, "for people who . . . need a safehold for their money that's easy to access . . . want the confidentiality and financial advantage of an offshore account." The Executive Plus account "includes the convenience of – A Royal Bank of Canada ***Visa***™ Gold Debit Card." A person can gain "entry into the exclusive world of private banking" with a "surprisingly low minimum deposit of only US$20,000." (Copies of these Web pages are attached to Exhibits Appendix at Tab 4).

➤ Bank of Butterfield
http://www.bankofbutterfield.com

This bank, "ideally situated in Bermuda, Cayman, Guernsey and Hong Kong, some of the world's premier offshore international business centres" offers private bank services if "You seek to preserve your wealth and accumulate assets while reducing legal and tax restrictions" and "You require the premium, efficient, confidential service offered

by a private bank." The bank offers MasterCard and VISA cards for "easy access to cash and credit." (Copies of these Web pages are attached to Exhibits Appendix at Tab 5).

- Singer & Friedlander (Isle of Man) Limited
  http://www.singers-iom.co.im/homepage.html

This bank offers services in the Isle of Man to clients "that require gross income." The website notes the Isle of Man has no capital gains, inheritance or death duty taxes and that nonresidents are exempt from the Isle of Man Income Tax. It suggests that investors "ensure that their affairs are structured in a correct manner in order to avoid potentially adverse taxation or other consequences in their country of domicile or residence." It recommends that "As part of their tax planning, or to provide additional security for their financial affairs, many clients choose to make use of company or trust structures." Prominently displayed on Singer & Friedlander's homepage is a link to a VISA International Debit Card. This VISA card is available to customers with a balance on deposit of at least $10,000 and "can be used to access your offshore funds for direct payments of goods and services or to withdraw cash from machines bearing the VISA symbol." (Copies of these Web pages are attached to Exhibits Appendix at Tab 6).

- Argon Limited
  http://www.argonlimited.com/index.htm

This website offers offshore bank accounts in St. Vincent and the Grenadines; also offered is a VISA card "tied to a bank account." The credit card requires a total deposit of $2,000 and can be "drawn down at the rate of $2,000 maximum per day." The website

answers the question "Why St. Vincent?" by noting that it does not have a tax treaty with the United States and is the "first country in the world to enact a General Confidentiality Law applicable to all offshore transactions and businesses." To open an investment account, a person must set up an International Business Corporation or trust "to protect what you are about to earn." (Copies of these Web pages are attached to Exhibits Appendix at Tab 7).

The website offers suggestions on how to avoid the reporting requirements of the Internal Revenue Code by setting up an International Business Corporation and a trust:

> One consequence of having an IBC and an account in the name of the IBC, is that Schedule B of the IRS form for US citizens, requires that one answer two pertinent questions. Do you own a bank account offshore? Do you have signature power over an offshore bank account? In general, anyone who has an IBC with one or more bank accounts should answer "Yes!" to both questions.
> The only exception is when the bank account is in the name of an IBC that is owned by a trust.
> (http://www.argonlimited.com/ibcs.htm)

> Please note that since the bank account(s) in the name of the Trust is/are owned by the trust, a Grantor or Manager of the bank account can answer on Schedule B that s/he does not own an offshore bank account. If the trustee is the only one who is a signatory, then the Grantor may truthfully answer that s/he does not have signature power over an offshore bank account. However, if s/he is made a Manager over such an account, s/he should answer that s/he has signature power over an offshore bank account.
> (http://www.argonlimited.com/trusts.htm)

➤ HSBC Bank International Limted
http://www1.offshore.hsbc.co.je

This is the website for a "leading global financial service provider" offering offshore banking services in the Channel Islands (Guernsey and Jersey). The "banking solutions" offered by HSBC include "convenience, flexibility and attractive interest rates," "24 hour global access," "and of course . . . confidentiality," and, as the first consideration, "tax savings": "We are based offshore so we can provide a tax-efficient home for your finances. This is but one of the many reasons customers bank with us. All interest on our account is paid without the deduction of tax." A bank account can be opened with a minimum opening deposit of $2,000. HSBC also offers VISA cards "to obtain cash from a global cash machine network." (Copies of these Web pages are attached to Exhibits Appendix at Tab 8).

➤ AFM Services Group
http://www.boncamper.com

This website offers professional financial, management and corporate services including the formation of International Business Corporations and offshore trusts in St. Kitts and Nevis for "asset protection and offshore privacy." The "practical uses" of a St. Kitts and Nevis International Business Corporation allow someone to "own property for tax efficiency and preserve anonymity." AFM Services also provides services for obtaining secured VISA cards and bank accounts. (Copies of these Web pages are attached to Exhibits Appendix at Tab 9).

➤ KPMG Corporate Services (Belize) Limited
http://www.kpmgbelize.com/kpmgbe.htm

KPMG Corporate Services (an affiliate of the global KPMG network of "6,561 partners and more than 85,291 total staff across 155 countries") is the "only guide you will need to Belize's offshore industry." KPMG Corporate Services "will make setting up offshore an easy decision." Its staff can assist in offshore company formation and administration, facilitating the opening of "US $ accounts" and "access to globally accepted credit cards." This website promotes a Belize International Business Corporation as the "ideal financial tool for a growing number of international investors" because Belize's "offshore legislation provides for maximum flexibility in global asset protection and tax and investment planning." (Copies of these Web pages are attached to Exhibits Appendix at Tab 10).

➤ HSBC Bank Malta
http://www.hsbcmalta.com/bank/html/private/private.htm

HSBC provides private banking services in Malta where interest (at a premium rate) for international clients is paid gross and is free of Maltese taxes. According to the brochure available on this website (a copy of which is attached to the Exhibits Appendix at Tab 11) promoting the benefits of banking in Malta, "The essence of private banking is confidentiality, a pre-requisite for all private investors. This concept is also enshrined in Maltese legislation on professional secrecy, precluding us from divulging any details of

our clients' financial affairs." The brochure notes that HSBC Bank Malta offers a choice of credit cards for use "throughout the world" and prominently displays a VISA card.

➤ Offshore-Manual.com
http://offshore-manual.com

"If you sincerely want to legally obtain personal and financial freedom from Big Brother - Point and Click below for our 451 asset protection and privacy products and services. . ." These include Swiss bank accounts with available VISA cards. (Copies of these Web pages are attached to Exhibits Appendix at Tab 12).

➤ Cardster
http://www.atmcards.yo.lv

This website from Latvia offers an anonymous offshore debit card with internet banking system. Among the cards offered is an Offshore VISA Electron debit card with an "US DOLLAR card account (for replenishing card)." The address given on the application for the bank "may be coded - 'not real'." (Copies of these Web pages are attached to Exhibits Appendix at Tab 13).

➤ Maritime International Ltd.
http://www.milonline.com/index.html

Maritime International offers "tax free companies, LLCs and offshore asset protection trusts" in a number of jurisdictions including Antigua, Bahamas, Belize, Dominica, Panama, St. Vincent, St. Kitts, and Samoa. It also arranges for the "opening of tax free offshore personal or corporate bank and brokerage accounts" in the Caribbean, South Pacific and Switzerland. This website explains the distinction between onshore and

offshore banking: Onshore banking "is subject to the tax rules, foreign exchange and charges of whatever country the account is in. . . . Offshore banking on the other hand is tax free, there are no foreign exchange regulations attached to the account and all account information is confidential." Offshore VISA credit cards with debit facilities are also made available.

Maritime International extensively promotes several jurisdictions as having the "best offshore legislation, asset protection and privacy available." All recommendations emphasize the tax and secrecy considerations of forming offshore entities. For example:

> PANAMA:
>
> Although Panama has fairly high rates of tax internally, its status as a tax haven depends upon the principle that income received by a Panamanian corporation from sources outside Panama is exempt from tax.
>
> Panama has full confidentiality and privacy embedded in the law, with civil and criminal penalties for disclosure. There is no requirement for the disclosure of beneficial ownership to the Panama authorities and no requirement for audited reports or financial statements. There are no double taxation agreements and no tax exchange agreements with other countries.
>
> SAMOA:
> Total exemption from taxes is granted to "International Companies" incorporated under the 1987 Act as well as to "International Trusts" registered under the International Trusts Act, 1987. . .
>
> In our opinion, Western Samoa has the best legislation regarding offshore companies, tax liabilities and asset protection that is currently available. Western Samoa is not party to any mutual assistance, gateway, or information agreements unlike some of the British Dependent Territories. . .

> The International Companies Act expressly denies any right to disclose information that "will, or is likely to, result in the payment of any tax, other penalty or any fine by the company" (section 227(4)(c) of the Act). . .

(Copies of these Web pages are attached to Exhibits Appendix at Tab 14).

- Corporate and Trust Services Caribbean Limited
  http://www.caribcats.com

This website offers offshore financial services in Antigua, Nevis and Dominica. It highlights the "benefits of going offshore" as including:

> **Tax avoidance** - considerable tax savings in onshore territory. Although there is in the United States the legal requirement to report holdings in offshore companies to the local tax authorities, no matter how restrictive these rules may be a greater tax savings may be achieved by the use of an offshore company rather than a company incorporated in one's country of residence (Emphasis in original).

This website promotes the benefits of Dominica as an "offshore haven" that offers "a twenty year tax exempt, confidential, treaty-free jurisdiction." Additionally, it answers the questions "Why go offshore?" and "Why use Nevis?" by emphasizing financial privacy and tax considerations including that Nevis has "No tax information treaty with the United States." (Copies of these Web pages are attached to Exhibits Appendix at Tab 15).

This company offers banking services including call accounts, current accounts, savings accounts, certificates of deposits, and money market accounts "provided with respect to internationally accepted credit card applications. Note that credit cards must be secured by up to one and a half times the spending limit."

Offered is a "VISA© Gold SwissAmericard© Corporate Card." The application for this VISA card, available online, notes that it "enables you to get instant cash at over 100,000 institutions worldwide and at Plus© System ATMs." [Plus is VISA's global ATM mark. http://corporate.visa.com/mc/facts/visaplus.shtml]. The application also touts the "Confidentiality and Flexibility" of this VISA card: "With SwissAmericard you enjoy unparalleled confidentiality. Transactions and record of cards issued by Swiss American Bank Ltd. are protected by Antigua's Offshore Banking Secrecy Act."

IV COURT CASES AND INVESTIGATIONS INVOLVING OFFSHORE CARDS

Several recent court cases and pending Internal Revenue Service investigations reflect that offshore cards have been used by U.S. taxpayers as part of their failure to comply with provisions of the internal revenue laws:

A. Court Cases

➤ United States v. Michael J. Hogan, Case No. 98cr45-1 (S.D. Ohio)

Michael J. Hogan was indicted by a grand jury in the United States District Court for the Southern District of Ohio on April 15, 1998, on various tax charges. He was arrested in Florida where his pre-trial detention hearing took place. The evidence presented at the pre-trial hearing reflects that at the time of his arrest Mr. Hogan had in his possession a VISA card (with his name and the name of a corporation on it) issued by Swiss American Bank in Antigua. After finding that Mr. Hogan had at least $1,000,000 offshore, United States Magistrate Judge Karla R. Spaulding ordered Mr. Hogan to post a

bond in the amount of $1,000,000. Mr. Hogan was sentenced on November 21, 2000, to serve thirty-six months imprisonment, to be served concurrently, on one count pursuant to 18 U.S.C. § 371 (conspiracy to defraud the United States) and one count pursuant to 26 U.S.C. § 7201 (attempt to evade or defeat tax).

➤ United States v. David L. Bamford, Case No. 98cr712 (D. N.J.)

David L. Bamford pled guilty to a one count Information charging him with attempting to evade or defeat taxes in violation of 26 U.S.C. § 7201. In a personal interview, Mr. Bamford told me that he had funds which he had illegally diverted to Guardian Bank in the Cayman Islands. Mr. Bamford stated that he obtained a credit/debit card to access the funds and used that credit/debit card to purchase personal items. Mr. Bamford stated that he did not receive bills from the credit card company. Rather, upon issuance of the credit/debit card, funds were removed from his account and placed in a reserve account and the reserve account was tapped by Guardian to pay the credit card bills. According to the face of the statements, the bills were addressed to Mr. Bamford at Guardian Bank's post office box. Mr. Bramford stated that the credit/debit card was suggested to him by John Mathewson as a covert means of accessing Mr. Bamford's offshore funds and that Mr. Bamford used the credit/debit card to make purchases in and out of the United States.

➤ United States v. Vernon E. Barton, 99cr82 (D. Idaho)

The defendant is a medical doctor in Idaho who pled guilty to a charge of subscribing to a false tax return for the 1995 year in violation of 26 U.S.C. § 7206(1). In the Plea Agreement signed by Dr. Barton on April 21, 1999, a copy of which is attached to the Exhibits Appendix at Tab 16, he agreed that in 1994 he began diverting partnership profits to a series of trusts as part of tax evasion scheme. The Plea Agreement (at pg. 5) states:

> These sums would be paid as "management fees" rather than taken by Dr. Barton as income. Income in 1995 was deposited in local bank accounts opened in order to transfer said income to bank accounts in the Turk and Caicos Islands which were controlled by Paul Harris. Mr. Harris would then disburse sums to Dr. Barton by transfers or deposits to bank accounts Dr. Carroll maintained in the Turks and Caicos Islands and/or in the Channel Islands. Dr. Carroll would then disburse sums to Dr. Barton by transfer or deposits to a bank account Dr. Barton controlled in the Channel Islands. **Dr. Barton would then access these funds with debit cards, which funds were used for ordinary living or "personal inurement."** (Emphasis added).

➤ United States v. Richard L. Kirk, Case No. 00cr72 (N.D. Okl.)
United States v. Samuel R. Kirk, Case No. 00cr73 (N.D. Okl.)
United States v. Robert Mark Kirk, Case No. 00cr75 (N.D. Okl.)

The three defendants pled guilty to charges under 26 U.S.C. § 7206(1). The charges included references to the use of credit cards issued by a bank in the Cayman Islands. In his Plea Agreement he signed on May 26, 2000, a copy of which is attached to the Exhibits Appendix at Tab 17, Robert Mark Kirk admitted (at pg. 4) the following:

> I, ROBERT MARK KIRK, admit that I, on or about April 15, 1994, in the Northern District of Oklahoma, did knowingly and willfully make and

subscribe, under penalties of perjury, and did file with the Internal Revenue Service, a false U.S. Individual Income Tax Return (Form 1040) for the year 1993 that materially under reported my total income, my taxable income, and the total tax due and owing to the Internal Revenue Service, in that I signed in, and presented to the Internal Revenue Service from, Owasso and Tulsa, Oklahoma, a false 1993 income tax return containing a written declaration that the return was made under penalties of perjury, in which I falsely omitted a substantial portion of the income I received from Datalink Electronics Corporation (Datalink) during 1993. The omitted income was deposited by Datalink to a bank account in my name in Grand Cayman Island, British West Indies, and **repatriated to the United States through cash withdrawals/advances and personal expenses charged on a credit card issued in my name.** (Emphasis added).

➤ United States v. Joseph Roper et al., Case No. 99cr00227-1 (D. S.C.)

The defendants were convicted of criminal charges involving conspiracy to commit mail fraud, mail fraud, conspiracy to commit money laundering and domestic and international money laundering. While this was not a case under the tax laws, the Press Notice issued by the United States Attorney on August 9, 2000, upon the sentencing of the defendants, a copy of which is attached to the Exhibits Appendix at Tab 18, discloses the offering of offshore cards to help people evade taxes. The Press Notice states, in relevant part:

> Testimony was presented at the trial establishing that from April of 1996 to May of 1999, Roper and Davis and others promoted Offshore Financial Services (OFS) and other entities in Jamaica and Phoenix, Arizona. They promoted programs of OFS by claiming that persons joining and selling OFS programs would receive commissions for their sales and commissions for individuals brought into OFS with a double your money back guarantee. **The programs were supposed to help people evade taxes, and included offshore bank accounts, credit cards**, mailing services, telephone answering services. (Emphasis added).

➤ United States v. Richard E. McCoy, 01cr286 (W.D. Pa.)

On September 25, 2001, the defendant entered into a plea agreement in which he agreed to enter a plea of guilty to two counts of filing a false income tax return in violation of 26 U.S.C. § 7206(1). He also agreed that the amount of the tax loss is not less than $325,000 and not more than $500,000. A report filed in the public record in this criminal case pursuant to the plea agreement reflects that during a three year period charges totaling $112,296 (including $16,890 for a diamond) were made on a VISA card issued by an offshore bank in the Cayman Islands. On March 7, 2002, Mr. McCoy was sentenced to a term of imprisonment of twenty-one months for each count to be served concurrently.

➤ United States v. Neil R. Brown et al., Case No. 00cr434 (E.D. Ca.)

On December 7, 2000, a superseding indictment was filed charging Neil R. Brown and Paul R. Brown with twenty-one tax counts alleging a massive tax loss to the United States due to a scheme using foreign corporations and trusts to move millions of dollars through the international banking system. The defendants marketed these tax evasion schemes to dentists, chiropractors and other self-employed professionals. A newspaper article described the steps through which the defendants led their clients:

> A taxpayer formed a trust with himself as the beneficiary and a Brown associate as trustee, then formed a corporation wholly owned by the trust, both in the Bahamas. The client retained control over the trustee's activities.

Next, the corporation opened a bank account in St. Helier, on the Channel Island of Jersey off Great Britain. The client was the only signatory on the account, but there was no paperwork available to U.S. authorities linking the taxpayer to the corporation and its account.

* * *

The orthodontist would go to a "consulting seminar" in the Bahamas, where he would attend a half-dozen 45-minute classes devoted to such subjects as "internal cost controls," "accounts receivable factoring," and "estate and inheritance management."

The Bahamian corporation would bill the professional corporation $300,000 in consulting fees and the money would be deposited in the Jersey bank account. The fees would be deducted as a business expense at a rate of 34 percent, and the orthodontist's professional corporation would realize a reduction in taxes of $100,000.

The $300,000 would then come back to the orthodontist either through a credit card issued on a foreign bank or as a bogus loan.

The credit card bills would be paid by a Brown-controlled entity in Dublin, Ireland, which would be reimbursed with funds transferred from the Jersey bank account. There would be no paper trail to the orthodontist, who would be the actual user of the card.

See Denny Walsh, New tax scam makes use of trust, Sacramento Bee, January 8, 2001. A copy of this article is attached Exhibits Appendix at Tab 19.

B. Articles and Books

On November 14, 1999, the Washington Post published an article by Sharon Walsh titled "A Case Study in the Elusiveness of Offshore Banks" in which the activities of a Melvin J. Ford were highlighted. According to the article, a copy of which is attached to the Exhibits Appendix at Tab 20, Mr. Ford and his associates were being investigated

by the Internal Revenue Service, the Securities and Exchange Commission, the U.S. Attorney's office in Maryland, the U.S. Customs Service and U.S. postal inspectors. The article explains Mr. Ford's activities:

> In addition to insulating himself by depositing his investor's money in accounts in offshore jurisdictions that are difficult to trace, Ford also has protected himself by preaching the gospel of fear to his clients, according to investigators and former clients.
>
> Many of the investors he has lured to offshore seminars affiliated with The Forum have been part of militant anti-government groups and already have a natural distrust of government agencies. Ford has added to that concern by telling them the IRS would only want to take away their investment returns, so even those who have lost tens of thousands of dollars have not reported those losses to authorities.

Another aspect of Mr. Ford's activities include the use of offshore cards. The Washington Post writes:

> U.S. banks must keep records of all inbound and outbound wire transfers, although once the money is deposited in an offshore bank, the account names may be changed, making it impossible to trace it further. In addition, many offshore banks issue credit cards that can be used as debit cards. So if you wanted to buy a $50,000 car in the United States, you could simply use your Antigua bank's Visa card rather than writing a check or wiring the money back to the United States. This is how Melvin Ford paid his living expenses, according to investigators.

There are several books promoting the benefits of offshore banking. One of these books, THE COMPLETE GUIDE TO OFFSHORE MONEY HAVENS: HOW TO MAKE MILLIONS, PROTECT YOUR PROPERTY, AND LEGALLY AVOID TAXES (Prima Publishing) by Jerome Schneider, has been updated and revised in several editions. Chapter 6 of the 3rd Edition, published in 1999, is titled "Say Goodbye to the IRS" and ends with the following

paragraph: "Right now, offshore banks and some foreign companies let you legally move assets outside the United States and beyond the reach of Uncle Sam. While the special tax breaks they provide may not last forever, for the moment there are fortunes to be made abroad." Chapter 6 of the 4th Edition, published in December 2001, is titled "Trying to Say Goodbye to the IRS." The last paragraph of this chapter now reads: "Right now, offshore banks and some foreign companies let you legally move assets outside the United States and benefit from this move. All you have to do is reap your profits and pay your taxes. There are still fortunes to be made abroad." However, this book continues to recommend offshore havens, especially (at pg. 219): "Overall, I can tell you that my favorite offshore money havens are the British Virgin Islands and my three Ns: Nauru, Nevis, and the Netherlands Antilles. These four locations have ironclad secrecy rules and a reputation for making it difficult for U.S. authorities to access private information."

In United States v. Premises Known as: 712 Harkness Street, Manhattan Beach, California, Docket No. 01-0387M (C.D. Cal.), the court issued a search warrant in connection with the following investigation described in paragraph 5 of the affidavit in support of the search warrant affidavit:

> Since January 1997, I have been investigating Jerome Schneider, Eric Witmeyer, and others regarding their involvement in the promotion of offshore banks, offshore trusts, and offshore corporations as a way to evade taxes and/or hide one's liability from the Internal Revenue Service. Based on this investigation, there is probable cause to believe that Jerome Schneider, Eric Witmeyer, and others have devised and agreed to market an offshore nominee ownership structure involving offshore banks, offshore trusts, and offshore corporations, concealing the customer's ownership and

> control of the seemingly offshore banks, trusts and corporations. Although this offshore structure uses such terms as independent foreign owners (IFO's), shareholding purpose trusts (SPT's), trust enforcers, Rabbi Trusts, etc., to appear somewhat complicated, your affiant believes it is no more than a simple scheme designed to conceal income that should properly be reported by U.S. citizens on U.S. tax returns.

A copy of this search warrant affidavit is available at

(http://www.offshorebusiness.com/Documents/schneider.PDF)

In his book THE COMPLETE GUIDE TO OFFSHORE MONEY HAVENS (3rd Edition), Jerome Schneider writes (at pg. 85): "A U.S. nest egg is as vulnerable as a real egg, and that's not much use to you if ever you should fall on hard times. Not so for the offshore nest egg. It remains safely and legally hidden from the prying eye of the government, or anyone else that wants to get their hands on your capital." Mr. Schneider then describes (at pg. 86) "two emergency tools in my wallet": one is a plastic key to his car, "The other is a credit card which I've had set up so it's connected to my offshore nest egg. If ever I should find myself in need, I can use this card to quickly tap in to my emergency capital. I think of it as my 'get out of trouble free' card–just like in the board game Monopoly."

In THE OFFSHORE MONEY BOOK: HOW TO MOVE ASSETS OFFSHORE FOR PRIVACY, PROTECTION, AND TAX ADVANTAGE (Contemporary Books 2000), Arnold L. Cornez, J.D., writes:

> If you truly crave privacy, avoid using your onshore credit cards. They provide an ongoing permanent electronic diary of where you go, what you buy, how much you spend, where you shop, whom you telephone, what telephone companies you use, where you entertain and vacation, which

travel agents and airlines you use, and on and on. Charge your discreet expenses offshore!

Likewise, in Terry Neal's THE OFFSHORE ADVANTAGE: PRIVACY, ASSET PROTECTION, TAX SHELTERS, OFFSHORE BANKING & INVESTING (MasterMedia Publishing Corp. 1998) (at pg. 156), the author promotes the benefits of offshore credit cards:

> You get further protection with an offshore account because you are entitled to a credit card issued on that bank. That means you can charge to your heart's content, anywhere you want, and the information stops at your offshore bank. If you charge on a domestic domiciled bank however, the information could become part of a database that is sold to whoever is willing to pay the price.

C. "John Doe" summons to MasterCard

Based on the petition and supporting materials filed in the United States District Court for the Southern District of Florida in Case No. 00-3919 CIV-JORDAN, the court on October 30, 2000, issued an order approving the service of a "John Doe" summons upon MasterCard International, Inc. ("MasterCard"). Copies of the Court's Order and of the "John Doe" summons are attached to the Exhibits Attachment at Tabs 21 and 22, respectively. Through the "John Doe" summons issued to MasterCard, the Internal Revenue Service sought information regarding holders of MasterCard credit and debit cards issued by or through banks or other financial institutions in Antigua and Barbuda, the Bahamas and the Cayman Islands. MasterCard complied with the "John Doe" summons by producing electronic database records with transactions for cards issued by

authorized issuers of MasterCard cards in the three jurisdictions. This file contains over 1.7 million transactional records, involving over 230,000 different accounts.

Since production of the transactional records by MasterCard, I and other Revenue Agents under my direction have been analyzing the data and comparing it to Internal Revenue Service records and information available from other public sources in an effort to identify U.S. persons. Our efforts have resulted thus far in the identification of certain taxpayers, and additional analysis and other procedures will lead to the identification of numerous other U.S. persons. Individuals already identified include executives of publicly held companies, business owners, doctors, lawyers, investment professionals, promoters of tax shelters and/or the use of tax haven jurisdictions (including an author of several books) and wealthy individuals who are using the offshore cards to pay for living expenses (at such places as grocery stores, restaurants, gas stations, department stores, online services and merchants, cell-phone services, satellite TV services and mail order merchants), travel related transactions (such as airline tickets, resorts, casinos, cruise line expenses, hotels and car rentals), and to purchase large-dollar items (such as jewelry, country club expenses, art dealerships, tuition for colleges and universities and motor vehicles) in the United States. From this data, we have identified U.S. persons who failed to check on their tax returns, as required by law, that they had an interest in or signature or other authority over a financial account in a foreign country. We have also identified

U.S. persons who have not filed federal income tax returns. This information is being used in civil examinations and criminal investigations under the internal revenue laws.

The Internal Revenue Service's continuing analysis of the MasterCard data supports my belief that the ascertainable class of individuals using credit or debit cards issued by or through banks or other financial institutions in tax haven jurisdictions have failed to comply with the provisions of the internal revenue laws.

V THE IDENTIFIED COUNTRIES

Based on the results of the continuing analysis of information obtained from MasterCard, the Internal Revenue Service has expanded the scope of the investigation to include the determination of the correct federal tax liabilities, for the years ended December 31, 1999, 2000 and 2001, of United States taxpayers who have signature authority over VISA cards issued by, through, or for banks or other financial institutions in major offshore tax haven and financial privacy jurisdictions throughout the Caribbean, European and Asian/Pacific markets. Like Antigua and Barbuda, the Bahamas and the Cayman Islands, all of the jurisdictions listed on the "John Doe" summons to VISA International are widely known as places where, because of strict bank secrecy laws and devices such as International Business Corporations, trusts and other subterfuges, persons can shield their wealth from taxation in their home countries. The jurisdictions listed on the "John Doe" summons to VISA International are all recognized as principal offshore tax haven and financial privacy jurisdictions by industry analysts and are actively

marketed as such by promoters of offshore schemes. The jurisdictions listed on the "John Doe" summons to VISA International were selected on the reasonable belief that U.S. taxpayers have failed or may have failed to comply with provisions of the internal revenue laws through the use of VISA cards issued by, through, or on behalf of banks and other financial institutions in those jurisdictions.

VI SUMMONED PARTY AND RECORDS

Like MasterCard, VISA International does not issue cards directly; it licenses its members to issue VISA cards. VISA International (including its subsidiaries) is responsible for the processing of transactions from its initial authorization when a cardholder tenders the VISA card to a merchant through the final clearing and settlement of the transactions between issuing banks (the VISA International members issuing VISA cards to persons) and acquiring banks (the VISA International members contracting with merchants that accept VISA cards).

The "John Doe" summons issued requires VISA International to provide the names, addresses, social security numbers (or such other identifying information as driver license, passport or employer identification numbers) and telephone numbers of cardholders or card users of VISA cards issued by the banks and financial institutions in the subject jurisdictions where a U.S. citizen or U.S. resident had signature authority over the VISA card or account during the years ended December 31, 1999 through 2001. To the extent VISA International does not have such information, the "John Doe" summons

requires VISA International to provide all documents related to card transactions, charges and purchases during the period January 1, 1999, through the date of compliance with the summons, including computer records of transactions processed through VISA's authorizations system and VISA's clearing and settlement system, for all VISA cards issued by the banks and financial institutions in the subject jurisdictions in which such card or account had at least two (2) transactions, charges or purchases in the United States in each of six (6) different months during any twelve (12) month period between January 1, 1999 and December 31, 2001. The "John Doe" summons is narrowly crafted in an attempt to retrieve from VISA International records leading to the identification of U.S. persons.

Based on my experience with the MasterCard summons, I know that data obtained from the processing of credit and debit card authorization and clearing transactions is maintained by credit card processors such as VISA International (including its subsidiaries) in standard file layouts searchable by many different fields of information, including fields containing information on the financial institutions who issued the cards. I have learned that it is a simple matter for VISA International to extract from its database all information pertaining to cards issued by issuers with particular Bank Identifier Numbers (BINs) and copy that data to a computer tape or tapes. Thus, VISA International has readily accessible data which may be relevant to the determination of the correct federal tax liabilities, for the years ended December 31, 1999, 2000 and 2001, of United

States taxpayers who have signature authority over VISA cards issued by, through, or for banks or other financial institutions in the subject offshore tax haven and financial privacy jurisdictions. A VISA International spokeperson, commenting on the "John Doe" summonses issued to American Express and MasterCard has stated: "We urge our cardholders not to use Visa cards for illegal purposes. We are not a law enforcement agency, but we will cooperate to the fullest extent possible with investigators, should the need arise." Crooks launder money via cards, Cards International, September 12, 2001, available at 2001 WL 13276228.

VIII CONCLUSION

Based upon the foregoing, I have concluded that there is a reasonable basis for believing that the information sought in the "John Doe" summons issued to VISA International will identify United States taxpayers who may have diverted unreported income offshore or received unreported income from undisclosed offshore sources or have taken improper deductions or credits or have failed to withhold tax on certain payments made offshore and will enable the Internal Revenue Service to locate taxpayers who have failed to pay taxes owing under the Internal Revenue laws during the years ended December 31, 1999 through 2001.

I declare under penalty of perjury, pursuant to 28 U.S.C. Section 1746, that the foregoing is true and correct.

Executed this 14th day of March 2002.

JOSEPH C. WEST
Revenue Agent
Internal Revenue Service

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

IN THE MATTER OF THE TAX LIABILITIES OF: JOHN DOES, United States taxpayers who, during the years ended December 31, 1999 through December 31, 2001, had signature authority over VISA cards issued by, through, or on behalf of banks or other financial institutions in Anguilla, Antigua and Barbuda, Aruba, Bahamas, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Cyprus, Dominica, Gibraltar, Guernsey/Sark/Aldeney, Hong Kong, Isle of Man, Jersey, Latvia, Liechtenstein, Luxembourg, Malta, Nauru, Netherlands Antilles, Panama, Samoa, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Singapore, Switzerland, Turks and Caicos, and Vanuatu.	DECLARATION OF JACK A. BLUM

I, Jack A. Blum, Esq., pursuant to 28 U.S.C. Section 1746, declare and state:

I am a member of the District of Columbia Bar and a partner in the law firm of Lobel, Novins & Lamont. I have served as Associate Counsel and Special Counsel to the United States Senate Foreign Relations Committee and in that capacity investigated money laundering issues and the problems created by the existence of "offshore" bank secrecy jurisdictions. I am generally recognized as an expert on offshore bank secrecy, tax haven and money laundering issues. I was retained by the United Nations Drug Control Programme as one of four experts to prepare a report on the problem of money

laundering for the General Assembly session in June, 1998. A copy of my curriculum vitae is attached hereto.

The use of offshore bank accounts and offshore entities to facilitate tax evasion is a massive problem for the United States. At a minimum, I estimate the annual losses to the U.S. Treasury through offshore evasion by individual taxpayers at $70 billion dollars a year. According to the best available estimates more than five trillion dollars in assets are held offshore. Three trillion dollars is in the form of deposits in tax haven banks. The Cayman Islands, one of the largest "offshore" centers, claims to have in excess of $600 billion in bank deposits. These deposits are in the more than 580 banks licensed to do business there. The balance is in the form of securities held by International Business Corporations and trusts.

Although much of the money on deposit comes from banks "booking" their transactions to tax haven branches and affiliates to minimize their cost of funds, each of the havens boasts specialty banks which cater to the needs of wealthy individuals who want to escape income, estate and gift tax. These banks offer extensive private banking services which include the management of trusts, the creation and management of international business corporations which are vehicles for holding assets and the structuring of arrangements for hiding funds from tax collectors.

There are more than 360,000 International Business Corporations registered in the British Virgin Islands alone. The numbers grow by the day. Ten thousand new

International Business Corporations were formed on the island of Nevis between January 1998 and March 1999. World wide, according to statistics gathered by the Department of State the total number of offshore International Business Corporations is approximately 1.6 million. In my opinion the State Department numbers are conservative. The IBC's are not required to file annual reports and may have nominee officers and directors. Forty one jurisdictions have been identified by the Organisation for Economic Co-operation and Development (OECD) as tax haven jurisdictions. These jurisdictions have corporation laws which allow the owners of the corporation to hide the identity of both the owners and the managers. Although some of these jurisdictions under pressure from the OECD have recently agreed to track beneficial ownership of corporations and to cooperate in certain tax matters, in most cases final tax agreements have not been ratified. Issues of compliance with the new requirements have not been addressed.

The International Business Corporations in tax haven jurisdictions are used to hold bank and securities accounts and to function as the operating arm of grantor trusts. People trying to hide assets use corporations from one jurisdiction to open bank accounts in another, thus adding additional layers of complexity to the financial trail.

For many years the growth in the use of offshore havens for tax evasion was limited by a single factor -- a person with money hidden offshore faced major problems and major expense in getting access to it. Moreover, the access left a paper trail in the form of checks, telephone and telex communications and other records. Tax evaders

were reluctant to pay their bills with checks drawn on foreign banks because of the fees associated with international clearing operations. Many companies refused foreign checks for routine payments because of the fees charged by American banks for processing the checks and the long delays before the depositor had access to the funds.

The widespread use of credit and debit cards has enabled offshore bankers to offer easy and instantaneous access to offshore accounts without an apparent paper trail and without the associated fees. By issuing a bank sponsored credit or debit card and associating it with the offshore account, offshore bankers can and do tell their customers that they can make most purchases, pay for travel, and get cash using the money in the offshore account without arousing suspicion and without leaving a paper trail in the form of communications and correspondence.

In 1994, I covertly taped an interview with John Mathewson, the chairman of a Cayman Islands bank, Guardian Bank and Trust. In that interview, he was trying to sell me on the idea of "going offshore." I asked him about getting access to my money. He offered a gold credit/debit card. He told me it could be issued in my name, the name of his bank, the name of an offshore corporation, or no name at all. By using an associated personal identification number the card would be good for up to $1 million a month, provided I had that much on account at his bank. He assured me that his records were protected by Cayman bank secrecy laws and those laws protected against inquiries from the Internal Revenue Service. It was obvious to me then that he was marketing the bank's

services in assisting tax evasion to American citizens. Since that time I have been involved in a number of matters that demonstrated to me how common the credit card/access option has become.

In a series of advertisements for bank credit and debit cards that ran in the Financial Times of London in the mid- 1990's, the Standard Chartered Bank, a large British bank with offshore operations, used the tag line "keep in touch with your offshore money." The ad made the same points that Mr. Mathewson made – instant access to funds in the remote location with complete secrecy.

In my opinion, the John Doe summons request by the Internal Revenue Service is an appropriate way of identifying foreign bank account holders. As a general rule, offshore banks will not issue bank related credit cards unless the recipient of the card has an associated bank account. Thus, the identification of United Sates persons who are card holders and who have cards issued by banks in the offshore tax haven and financial privacy jurisdictions listed in the John Doe summons will identify a group which has offshore bank accounts. The lists provided by the credit card firms will enable the Service to determine whether taxpayers have reported the existence of an offshore bank account they control and whether they have reported the related income.

In my opinion, because the summons is limited to account information related to countries whose banks are known to market their secrecy as protection from tax authorities, there will be a high likelihood that most of the names generated will be those

of individuals who failed to report their foreign bank accounts and the related income. All of the jurisdictions for which data is requested have bank secrecy laws. Until now they have refused to cooperate with the United States on tax matters. In each jurisdiction bankers use secrecy and non-cooperation with United States tax authorities as a selling point.

Banks in these jurisdictions regularly market their services in the United States to United States residents, their legal advisers, and accountants. The marketing is done by the Internet, by personal sales calls, by advertising in airline magazines and in magazines aimed at wealthy individuals and their professional advisers. Marketing is done at trade shows and seminars. Marketing is done by having senior officials of the banks travel to the United States to sell their services to lawyers, accountants, and private clients.

I have been involved in cases in which banks and shell companies in Antigua, the Bahamas, Bermuda, the Cayman Islands, the Cook Islands, Gibralter, Jersey, Liechtenstein, the Isle of Man, Nauru, Panama, Singapore, Switzerland, and Vanuatu, were used by American citizens seeking to avoid the payment of taxes. Although I have not been involved in case in all of the jurisdictions covered by this summons request, based on information and belief I can say that their financial institutions have all been used by Americans seeking to avoid taxes.

In the course of preparing this Declaration, I reviewed the statistics on the number of foreign bank account reports (FBARs) received by the Treasury Department for the

years 1994, 1995, and 1996 for financial accounts in Antigua, the Bahamas and the Cayman Islands. The law requires that a Report of Foreign Bank and Financial Accounts form be filed with the Treasury Department to report each financial account over which a United States person has control. Control is defined as the ability to direct the movement of funds in the account whether or not the person has signature authority or a power of attorney.

In my opinion, the number of accounts reported and the number of persons filing FBARs for all three jurisdictions are far below the numbers that I would expect if there were full compliance with the reporting requirements. I base my opinion on the number of financial institutions in each location, the volume of advertising and promotion they engage in, the number of International Business Corporations in each jurisdiction and the very substantial trust activity in each jurisdiction.

Bankers, lawyers and regulators in the jurisdictions and in the United States have expressed the view that about half of the offshore financial business is done for United States persons. If the filings were in fact complete, the numbers suggest there would not be enough bank business to support a single institution.

Similarly, the number of foreign trust returns made to the Internal Revenue Service based on Cayman trusts is completely inconsistent with the movement of bank officers and lawyers to and from the United States and the number of banks offering trust services to United States persons, from the Cayman Islands.

Further, it is my view that it will not be difficult or costly for the credit card processors to provide the information. It should be readily available in machine readable format.

I declare under penalty of perjury, pursuant to 28 U.S.C. Section 1746, that the foregoing is true and correct.

Executed this 13th day of March 2002

Jack A. Blum

JACK A. BLUM, ESQ.

CURRICULUM VITAE

Jack A. Blum

Mr. Blum is a partner in Lobel, Novins & Lamont, a Washington, D.C. law firm. As a Senate attorney he was involved in a number of well know investigations, including BCCI, General Noriega's drug trafficking, and Lockheed Aircraft's overseas bribes. He is an expert on controlling government corruption, international financial crime, money laundering, international tax havens and drug trafficking. In his law practice he negotiated numerous international business transactions, and has assisted clients who have been the victims of complex fraud. He works as an expert witness and consultant to various government agencies and private clients. He has been a consultant to the United Nations Centre on Transnational Corporations, the United Nations Office of Drug Control and Crime Prevention.

At the present time Mr. Blum serves as the chair of the experts group on international asset recovery which was convened by the United Nations Centre for Drug Control and Crime Prevention.

Mr. Blum has also been involved in a wide range of civic and charitable activities. He served for five years as the President of the National Consumers League, for four years as a Trustee of Bard College, and for two years as the Treasurer of the International Center, a Washington, D.C. foreign policy organization. He is presently on the Boards of the Violence Policy Center, The Fund for Constitutional Government and the International Labor Rights Fund.

EMPLOYMENT

1990-Present

Partner, Lobel, Novins & Lamont, Attorneys at Law, Washington, D.C., representing individuals, governments and corporations on international business transactions, corporate fraud, recovery of losses for victims of international fraud schemes, tax and antitrust matters. He is an expert on money laundering and offshore tax haven issues and has served as an expert witness in these areas.

1989-1990

Consultant, to various government agencies on narcotics and money laundering issues.

1987-1989

Special Counsel, Committee on Foreign Relations, United States Senate. Directed Committee investigation of the impact of American Foreign policy on narcotics law enforcement. Located, interviewed, and deposed witnesses. Organized and planned hearings. Drafted final Committee report. Hearings covered the history and pattern of drug trafficking in Latin America and the Caribbean, the activities of General Noriega, money laundering, the relationship of trafficking to the war in Nicaragua, and the failures of United States Foreign policy in dealing with narcotics issues.

1977-1987

Senior Partner, Blum Nash & Railsback, Attorneys at Law, Washington, D.C. Ten lawyer general practice with emphasis on energy, international trade, and non-profit organization

law. Represented independent refiners, independent marketers, and state governments on energy, environmental and antitrust issues. Counseled a trade association on a round of international textile negotiations. Represented several high technology firms on export licensing issues. Represented more than 20 non-profit lobbying and charitable organizations on election law, tax and corporate matters. Represented a Fortune 50 company in a petroleum countertrade transaction. Acted as managing partner for three years.

1976-1987

President and General Counsel, Independent Gasoline Marketers Council, Inc. Represented this trade association of non-branded independent gasoline marketers' interests to Congress and the regulatory agencies. Testified more than 100 times before House and Senate Committees, regulatory agencies and government departments on legislation, proposed regulations and industry issues. As the CEO of the trade association took responsibility for all administrative matters.

1972-1976

Associate Counsel, Committee on Foreign Relations, United States Senate. Served as chief investigator for the Subcommittee on Multinational Corporations. Directed investigations of Lockheed Aircraft's overseas payments, third world loans by American banks, the international petroleum industry, and ITT's activities in Chile.

1965-1972

Assistant Counsel, Antitrust Subcommittee, Committee on the Judiciary, United States Senate. Responsible for investigations of and hearings on housing fraud, communications competition, the newspaper publishing industry, banking, advertising, insurance and petroleum competition. Handled preparations for 130 days of hearings. In addition, supported Subcommittee Chairman Philip Hart in his legislative work on the Communications Subcommittee of the Commerce Committee.

1960-1962

Editor and Publisher, *The Chronicle*, Wappingers Falls and Poughkeepsie, New York. Supervised a staff of ten, including correspondents, advertising salesmen and distribution personnel. Sold the newspaper before entering law school.

1959-1960

Local News Editor, WGHQ, Kingston, New York. Wrote, edited and delivered local news for this 5,000 watt AM station. Worked full time summers and winter break, part time during the academic year.

REPRESENTATIVE RECENT PRESENTATIONS

Procuradora General de Mexico, Controlling Corruption; The International Dimension, Mexico City, November 2001

International Bar Association, Terrorist Funding; Some History and Some Remedies, Cancun 2001

International Money Laundering Conference, Financing Terrorism, Montreal, October 2001

Tyrolean Chamber of Commerce, Financial Crime and the Introduction of the Euro, Innsbruck, Austria, October 2001

Russian Federation/United Nations Conference on Financial Crime, The International Response to Trans-national Financial Crime, St. Petersburg, June 2001

Central Bank of the Bahamas, Control of Money Laundering and Bank Regulation, May 2001

Institut de Criminologie, Paris II (Pantheon-Assas) The Rule of Law and the Control of International Organized Crime, April 2001

World Bank/IMF Directors, The role of International Financial Institutions in Controlling Money Laundering, Washington, April 2001

Senate Permanent Investigations Subcommittee, Correspondent Banking and the control of Money Laundering, March 2001

CALP Anti- Money Laundering Program, Lessons for Small Offshore Centers, St. Vincent, January 2001

Council on Foreign Relations, Asset Recovery and Corruption Control, Washington, January 2001

Anti-Money Laundering Program, The Vulnerabilities of Small Offshore Financial Centers, Grenada, November 2000

Pacific Rim Money Laundering Conference, Pacific Tax Havens: Can they be cleaned up?, Vancouver, October 2000

State of the World Forum, Globalism and the Rule of Law, New York, September 2000

CFATF Seminar on Money Laundering Prevention, Keeping Money Laundering Out of the Banking System, Castries, St. Lucia, July 2000

Gulf Cooperation Council Seminar on the Prevention of Money Laundering in the Financial Sector, The Structure of the Offshore Industry and the problem Fraud in Recovering Assets, Abu Dhabi, June 2000

Committee on Banking and Financial Services, House of Representatives, Recovery of Assets Belonging to the Nigerian Government, Washington, June 2000.

Tenth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, Controlling the Financial Crime Epidemic, Vienna, April, 2000

United Nations Offshore Forum, Cooperation in the Control of Financial Crime, Georgetown Grand Cayman, March, 2000

Royal Canadian Mounted Police, Recovery of Offshore Criminal Proceeds, Montreal, March, 2000

Caribbean Financial Action Task Force, Training program on Money laundering, Belize City, Belize, February 2000.

United Nations Regional Program on Money Laundering Control, The structure of Offshore Finance, Santiago, Chile, November, 1999

Brookings Institution, Corruption and the Frustration of Economic Development. Washington, D.C. September, 1999

3rd Hemispheric Conference on Money Laundering, Regulating the Use of International Business Corporations, Panama, August, 1999

Committees on Finance and Budget, Mexican Chamber of Deputies, Revenue Loss Through Offshore Tax Evasion, June 1999

United Nations Seminar on Combating Money Laundering, The Offshore Financial Industry: Tools for Money Laundering, Boca Chica, Dominican Republic, June, 1999

Ford Hall Forum, Recovering the Lost History of the Cold War: Its Importance for Democratic Governance, Boston March, 1999

Council on Foreign Relations, Controlling International Financial Crime, New York, October, 1998.

Africa Subcommittee, Committee on International Relations, U.S. House of Representatives, Controlling Organized Crime in Africa, July, 1998.

Committee on Banking and Financial Services, U.S. House of Representatives, The U.N. report and Legislative Recommendations on Controlling the use of Offshore Jurisdictions for Money Laundering, Washington, June 1998.

U.N. General Assembly, Report on Financial Havens, Banking Secrecy and Money Laundering, New York, June 1998

Anti-Corruption Summit, Corruption, Offshore money, and Law Enforcement in the age of globalization, Miami, April 1998

Association of Internal Auditors, The Role of the Auditor in Stopping International Financial Fraud, March 1998

The German-American Institute, Controlling the New Face of Organized Crime in the U.S. and Europe, Heidelberg, February 1998.

The Council of Europe, Fighting International Financial Fraud and Organized Crime: The Need for Global Thinking, Strasbourg, February 1998

Ecole des hautes etudes en sciences sociale, Developing the International Criminal Justice System, Paris, February 1998.

International Conference on Corruption, Cyberfraud and Corruption, Lima, Peru, September 1997

University of Costa Rica, Controlling International Financial Crime, Heredia, Costa Rica, August, 1997.

Universidad Iberoamericana, Money Laundering and Financial Crime as a Threat to Democratic Institutions in the United States and Mexico, Mexico City, Mexico, July 1997.

Economic Club of Kenya, Controlling Government Corruption, Nairobi, May 1997.

Committee on Banking and Financial Services, U.S. House of Representatives, Controlling the Mexican Money Laundering Problem, May 1997.

Discovery Channel, Panel on Intelligence Reform, National Press Club, Washington, DC, March 1997

National Strategy Information Center, Financial Fraud in International "Interspace", Washington, DC, March 1997

American Society of Criminology, Controlling International Organized Crime, Chicago, November 1996

Senate Select Committee on Intelligence, CIA Drug Trafficking and the Contra War, October, 1996

Secretary's Open Forum, Department of State, Money Laundering and International Organized Crime, September 1996

House Banking Committee, Oversight and Investigations Subcommittee, Money Laundering in Mexico, September 1996

Ciudadiana Conference on Corruption, Sao Paulo, Brazil, International Issues in Corruption Control, June 1996

USIA, Amerika Haus, Vienna, Austria, Controlling Money Laundering, May 1996

Conference on Trans-National Criminal Law, University of Maastrict, Maastrict, Netherlands, Issues Raised by Cross border police undercover operations, May 1996

Anti-corruption Forum, World Bank, Washington, D.C. The impact of corruption on economic development. April 1996.

House Banking Committee, Oversight and Investigations Subcommittee, The Counterfeiting of U.S. Currency Abroad, February, 1996

Congressional Research Service, Forum on Terrorism: International Legal Issues and Budget Considerations, November, 1995

Charles University, Prague, Czech Republic, Control of International Organized Crime: The International Legal Considerations , October, 1995

University of the Andes, Bogota, Colombia, Why control of money laundering is the key to controlling the drug trade, June 1995

Tufts University, Medford, MA, Chaired full day workshop on the impact of offshore financial transactions on taxation and law enforcement, March 1995

PBS, FRONTLINE, Featured in a television documentary on the life of Pablo Escobar, February, 1995

PBS, FRONTLINE, Featured in television documentary on money laundering and bank secrecy, November, 1994.

University of Duesto, Bilbao Spain, Changing the international criminal justice system to control financial fraud, October 1994.

Center for Strategic & International Studies, Washington, D.C. Conference on International Organized Crime, on money laundering and financial fraud, September 1994.

Brookings Institution, Philadelphia, Pennsylvania, Workshop on Global Response to the Drug Challenge, May 1994.

McGill University Graduate Business Conference, Montreal, Canada, The impact of corruption in the developing world on business opportunities, March 1994.

Inter-American Bar Association, Caracas, Venezuela, Money laundering, January 1994.

Temple University Law School, Philadelphia, Pennsylvania, BCCI, November 1993

International Conference on Corruption, Quito, Ecuador, Social and economic costs of government corruption. Sponsored by the Institute for Public Administration, October 1993.

Venezuelan Bankers Association, Caracas, Venezuela, Money laundering, October 1993

Society for the Study of Social Problems, Miami Beach, Florida, BCCI, August 1993.

New York State Banking Commission, New York City, Interagency working group of bank supervisory and law enforcement personnel: Detecting and preventing complex international bank fraud, New York, New York, July 1993.

UNDCP and the Ecole National de Magistrure, Fort de France, Martinique, Training program for Eastern Caribbean law enforcement officials, on international law enforcement cooperation, Fort de France, Martinique, December 1992.

Observatoire Geopolitique des Drouges, Paris, France, Conference on international narcotics trafficking, Paris, presented a paper with Professor Alan Block on money laundering in the Caribbean, December 1992.

USIA Caribbean Regional Drug Experts Conference, Port of Spain, Trinidad, Money laundering. Ran a day long conference for the Trinidad and Tobago Bankers Association on money laundering. October 1992.

Moscow State University, Moscow, Russia, The threat of international organized crime, at a conference of investigative journalists, September 1992.

House Foreign Affairs Committee, Latin American Subcommittee: The resumption of assistance to Peru, October 1992.

Congressional Research Service, Forum on Weapons Proliferation: Arms sales to Iraq and the export control system, September 1992.

Columbia University School of Journalism, New York City, Reuter Forum: International financial regulation, April 1992.

American Society for Industrial Security, Arlington, VA: Financing of terrorism, March 1992

Respondacon II, an International Teleconference sponsored by the World Bank and AID, on government corruption, February 1992.

Senate Foreign Relations Committee, The scope of the BCCI scandal, August 1991.

TELEVISION AND RADIO

Mr. Blum has been interviewed or been the subject of numerous radio and television programs. Some of the most notable of these include, ABC's Prime Time Live and Nightline; the PBS Mc Neill Lehrer News Hour, and the PBS documentary *The Prize*; NBC Nightly News, the Today Show, CBS's Evening News and West 57th Street, Canadian Broadcasting Corporation's The Fifth Estate, BBC television news, BBC Radio, Canal Plus's Transit (European Cable Channel), NHK Television (Japan), NPR's All Things Considered and Morning Edition, McLaughlin's, One on One, and Voice of America.

BOOKS MAGAZINES AND NEWSPAPERS

In the course of his career, Mr. Blum has been quoted in or mentioned in thousands of newspaper and magazine articles around the world. These range from the *New York Times*, the *Washington Post* and *The Wall Street Journal* to the *Times of Pakistan*, *The Toronto Globe and Mail*, *Vrij Nederland, and Pagnia Doce* (Argentina).

He is also discussed extensively in a number of books including *False Profits*, by Peter Truell and Larry Gurwin, *Outlaw Bank*, by Jonathan Beaty and Sam Gwynne, and *Divorcing the Dictator* by Frederick Kempe. More than twenty books have been published using materials generated in hearings Mr. Blum staffed.

PUBLICATIONS

Covert Operations: The Blowback Problem, in National Insecurity, Craig Eisedrath ed., Temple University Press, 2000

Offshore Money, in Transnational Crime in the Americas, Tom Farrer, ed. Routledge, 1999

Financial Havens, Banking Secrecy and Money Laundering, with T. Naylor, M. Levi, and P.Williams, United Nations, 1998

Intelligence Services and Undercover Operations: The Case of Euromac, Passas N. and Blum J., and Controlling Cross Border Undercover Operations, Blum, J. and Passas,N. In: Invading the Private: Accountability and the New Policing in Europe , S Field and C. Pelser, eds. Aldershot, Dartmouth 1998

Algunas experiencias de lavado de dinero, in El rompecabezas de las drouges ilegales en Estados Unidos: Una Vision Eclectica, Thoumi and Guaqueta eds. Ediciones Uniandes, Santa fe de Bogota, 1997

Le Blanchiment de l'argent aux Antilles: Bahamas, Sint Maarten et iles Caimans, Blum and Block in La Planete des Drouges, Editions du Seuil, Paris, 1993

PROFESSIONAL BACKGROUND

Education

B. A. Bard College, 1962

Major: Psychology

J. D. Columbia Law School, 1965

Law school honors: Lawrence S. Greenbaum Prize, best oral presentation Harlan Fiske Stone Honor Argument; best brief Northeastern Regional Round National Moot Court Competition. Editor Columbia Law School News; Founded *Columbia Journal of Law and Social Problems.*

Bar Admissions:

District of Columbia Bar

U. S. Court of Appeals for the District of Columbia Circuit

U.S. Supreme Court

Memberships:

American Bar Association; Sections on International Law and Criminal Law.

Federal Bar Association

AWARDS

Profiles in Courage Award, John F. Kennedy Lodge, B'Nai B'rith, 1992.

John Dewey Medal for Public Service, Bard College, 1992.

Florence Kelly Consumer Leadership Award, National Consumers League, 2000

COMMUNITY SERVICE

1986-1990

President, National Consumers League, the nation's oldest consumer organization. Preside over a 47 person board, including leaders of industry, labor and the public interest community. Served as a member of the Board of Directors since 1967. **Presently**, Board Member and General Counsel.

1981-1987 and 1989-to present

Board Member and Treasurer, The International Center, a non-profit organization concerned with development issues in the third world and East-West relations.

1987-Present

Board Member, International Labor Rights Education and Research Fund, a non-profit organization promoting fair labor standards on a worldwide basis.

1987-Present

Board Member, Violence Policy Center, Inc., a non-profit organization engaged in research and education on gun control issues.

1985-1986

Member, National Research Council Committee on the Strategic Petroleum Reserve. Contributed to Committee report on the long term policy issues facing the strategic petroleum reserve.

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