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WORLD ECONOMIC FORUM 'EVENT PARTNER' AWARDED TAX AVOIDANCE PRIZE AT DAVOS

New report raises critical questions about structure of Citigroup offshore banking

Citigroup, the world's largest financial conglomerate, will today [25 January] receive a unique prize from organisations gathered at the World Economic Forum (WEF) in Davos, Switzerland. Following the release of a comprehensive new report detailing Citigroup's contribution to tax avoidance and evasion around the world, the bank will this afternoon be awarded a prize for 'corporate social irresponsibility in taxation' at the 'Public Eye on Davos' awards, organised annually alongside the WEF by the Swiss NGOs The Berne Declaration and Pro Natura, and nominated by civil society groups worldwide. The report should come as a serious embarrassment for the banking giant, whose head Charles P. Prince has said that Citigroup "needs to 'internalize' a strong code of ethics around the globe".[1]

The Citigroup report is published today by the Tax Justice Network, an international coalition of researchers and NGOs who argue that tax avoidance constitutes a missing link in the fight against poverty. It details Citigroup's 40-year history of offshore banking scams; tax avoidance schemes for dictators from Chile's Augusto Pinochet to the family of Nigeria's Sani Abacha; and clandestine networks of companies for international money transfers. It also details just one part of Citigroup's complex present-day offshore banking system, a puzzling network of subsidiary companies in the tiny tax haven of Jersey, raising serious questions about whether Citigroup's behaviour has changed.

The Tax Justice Network has sent questions about Citigroup's Jersey network to Pam Flaherty, Citigroup's Senior Vice President for Global Community Relations, asking to discuss its findings. Citigroup has declined to respond.

The full report, available at www.taxjustice.net or in advance (contact media@taxjustice.net, +44 (0)7712 655130), includes:

- An examination of the puzzling ownership structure of a network of Citigroup subsidiaries in Jersey
- Citigroup's unprecedented use of secret 'Clearstream' bank accounts - more than any other bank
- Transcripts of a secret 2001 videotape showing a Citibank employee offering to help an Argentine businessman to evade Argentine taxes
- Profit-laundering for Russian plutocrats in the late 1990s
- Citigroup's provision of secretive banking facilities for Chilean dictator Augusto Pinochet; Omar Bongo, President of Gabon; Raúl Salinas, brother of the former President of Mexico, imprisoned in Mexico for murder; sons of General Sani Abacha, former military dictator of Nigeria; and two daughters of ex-President Suharto of Indonesia
- An illegal foreign exchange scheme to move Citigroup profits to low-tax regimes through Nassau in the late 1970s

The report argues that tax evasion *“impoverishes people of all countries, increases the gaping divide between the rich and the poor, and shifts the tax bill to the middle class and small businesses who can’t avail themselves of mechanisms created for hiding and laundering income and profits.”*

Lucy Komisar, a New York-based investigative journalist who authored the Citigroup report, explained that *“the World Economic Forum drowns in platitudes from the world’s wealthiest companies about their corporate responsibility, their commitment to a better deal for the world’s poor. Meanwhile Citigroup and many others undermine the most part of social responsibility: contributing to society by paying taxes.”*

Report author Lucy Komisar is available in Davos for interview (English, French, Spanish) Mobile/cellphone: +41 (0)76 479-1945 Email: lkomisar@msn.com
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Note

[1] Comments made by Charles P. Price to Wall Street Journal, Oct 1 2004

[2] For more on the 'Public Eye on Davos' awards, see http://www.evb.ch/index.cfm?page_id=3689&archive=none