

**UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF NEW YORK**

IN THE MATTER OF THE TAX  
LIABILITIES OF:

JOHN DOES, United States taxpayers who, at any time during the years ended December 31, 2013, through December 31, 2020, used the services of Panama Offshore Legal Services, including its predecessors, subsidiaries, and associates, to establish, maintain, operate, or control any foreign financial account or other asset; any foreign corporation, company, trust, foundation or other legal entity; or any foreign or domestic financial account or other asset in the name of such foreign entity.

Case No. 21 Misc. \_\_\_\_\_

**DECLARATION OF KATY FUENTES**

I, Katy Fuentes, pursuant to 28 U.S.C. § 1746, declare and state:

**I. Introduction**

1. I am a duly commissioned Internal Revenue Agent (“Revenue Agent”) assigned as a Senior Revenue Agent in the Offshore Compliance Initiatives Program of the Internal Revenue Service (“IRS” or “Service”). The Offshore Compliance Initiatives Program develops projects, methodologies, and techniques for identifying U.S. taxpayers who are involved in abusive offshore transactions and financial arrangements for tax avoidance purposes. I have been a Revenue Agent since 2006 and have specialized in offshore investigations since 2011. As a Revenue Agent, I have received training in tax law and audit techniques and have received specialized training in abusive offshore tax issues. I also have experience investigating offshore

tax matters. My academic credentials include a Bachelor's degree and Master's degree in Accounting, and I am a Certified Public Accountant.

2. The Service is investigating U.S. taxpayers who used the services of an entity called Panama Offshore Legal Services ("POLS"), as well as entities and websites that appear to be connected to POLS (collectively, the "POLS Group"), during 2013 through 2020 to establish, maintain, operate, or control: any foreign financial account or other asset; any foreign corporation, company, trust, foundation, or other legal entity; or any foreign or domestic financial account or other asset in the name of such foreign entity.

3. To facilitate this investigation, the Service is seeking the Court's permission to serve, pursuant to 26 U.S.C. §§ 7602 and 7609(f), so-called "John Doe" summonses to ten entities: (1) Federal Express Corporation ("FedEx Corp.") and (2) FedEx Ground Package System, Inc. ("FedEx Ground," and collectively, "FedEx"); (3) DHL Express (USA), Inc. ("DHL"); (4) United Parcel Service, Inc. ("UPS"); (5) the Federal Reserve Bank of New York ("Federal Reserve NY"); (6) The Clearing House Payments Company LLC ("Clearing House"); (7) HSBC Bank USA, N.A. ("HSBC Bank USA"); (8) Bank of America, N.A. ("Bank of America"); (9) Wells Fargo Bank, N.A. ("Wells Fargo"); and (10) Citibank N.A. ("Citibank").

4. A John Doe summons is a summons that the Service issues when it does not know the identity of the person or persons whose tax liability is at issue. Such a summons must relate to the investigation of a particular person or to an ascertainable group or class of persons. It allows the IRS to obtain the names of U.S. taxpayers, records, and other information concerning taxpayers in a certain group. A John Doe summons can be a useful tool when trying to obtain

information such as the identities of clients of a particular service provider that promotes offshore structures and arrangements, or account holders at a given financial institution.

5. Concurrently with the filing of this petition, the Service is filing petitions in the District of Minnesota and the District of Colorado seeking leave to serve John Doe summonses on MoneyGram Payment Systems, Inc. (“MoneyGram”) and Western Union Financial Services, Inc. (“Western Union”), respectively.

## **II. Background**

6. U.S. taxpayers with gross income subject to filing requirements must file annual income tax returns reporting to the Service their income from all sources worldwide. 26 U.S.C. § 61. U.S. taxpayers who fail to report all their income on their income tax returns—including income earned in accounts held overseas—have failed to comply with the internal revenue laws. *Id.* § 6011(a).

7. The failure of foreign banks and other foreign financial institutions to collect information about their U.S. taxpayer customers, commonly known as Know Your Customer information, or their failure to retain such information or file information reports with the IRS regarding those customers, is one way in which foreign financial institutions assist U.S. taxpayers with concealing their beneficial ownership from the IRS.

### **A. Offshore Tax Avoidance**

8. The Service has long been concerned with the problem of U.S. taxpayers—whether involved in lawful or unlawful activities—evading their U.S. tax obligations by concealing unreported taxable income in accounts in offshore no-tax, low-tax, or financial secrecy jurisdictions. That problem has been described in detail in a number of reports,

including *Crime and Secrecy: The Use of Offshore Banks and Companies*, S. Rep. No. 99-130 (1985); United Nations Office for Drug Control and Crime Prevention, Global Programme Against Money Laundering, *Financial Havens, Banking Secrecy and Money Laundering* (May 29, 1998)<sup>1</sup>; and Senate Committee on Homeland Security and Governmental Affairs, Permanent Subcommittee on Investigations, *Tax Haven Banks and U.S. Tax Compliance*, S. Hrg. No. 110-614 (2008).<sup>2</sup>

9. Since 2000, the Service has conducted thousands of examinations in cases developed through John Doe summonses issued as part of its offshore compliance initiatives. The Service's examinations developed through John Doe summonses have revealed common features of offshore tax evasion schemes. Among other elements, these examinations have shown that:

- a. Offshore tax evasion almost always involves a foreign financial account.
- b. Offshore tax evasion often involves an offshore entity (e.g., a corporation, trust, or foundation) or multiple entities. These entities typically are controlled through nominee directors and/or trustees and are used to conceal the taxpayers' beneficial ownership of offshore—and sometimes domestic—accounts and assets.
- c. Taxpayers forming or acquiring offshore entities or structures, or opening offshore bank accounts, often use the services of offshore trust and corporate service providers who advertise that they do the following:

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<sup>1</sup> <http://www.imolin.org/imolin/finhaeng.html> [<https://perma.cc/MJG5-G3BA>].

<sup>2</sup> <https://www.govinfo.gov/content/pkg/CHRG-110shrg44127/pdf/CHRG-110shrg44127.pdf> [<https://perma.cc/4UAP-ECWG>].

- i. open bank accounts;
- ii. create corporations, trusts, and foundations; and
- iii. serve as nominee directors, officers, and trustees for beneficial owners.

d. Taxpayers with offshore financial accounts often transfer funds to or from their offshore banks through U.S. correspondent accounts maintained by the offshore banks at U.S. banks.

10. In addition to its examination experience, the Service has received over 56,000 voluntary disclosures from taxpayers with offshore accounts and entities in connection with a series of Offshore Voluntary Disclosure Programs (“OVDP”). These programs provided taxpayers with opportunities to self-disclose tax noncompliance involving offshore accounts and arrangements in exchange for limits on their exposure to criminal and civil penalties. In addition, another 65,000 taxpayers have made use of separate streamlined procedures to correct prior non-willful omissions and meet their federal tax obligations. Since 2009, the Service has collected a combined \$11.1 billion in back taxes, interest and penalties under these programs, with over 120,000 taxpayers brought into compliance. *See* IRS Press Release IR-2018-176, Sept. 4, 2018.<sup>3</sup> Taxpayers making offshore voluntary disclosures have reported the use of undisclosed bank accounts in over 600 banks or bank branches in jurisdictions around the world. Many of these offshore accounts were held through shell companies and trusts, or other practices were employed to conceal their beneficial ownership information. Many taxpayers used the

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<sup>3</sup> <https://www.irs.gov/newsroom/irs-offshore-voluntary-compliance-program-to-end-sept-28> [<https://perma.cc/8HZJ-EDNE>].

services of offshore trust and corporate service providers to establish their offshore arrangements.

**B. Recent Tax Evasion Study and the IRS Commissioner's Testimony to Congress**

11. A new study found that U.S. tax evasion is much higher than previously estimated, with more than 20% of the top 1% of wealthiest Americans' income not being reported to the Internal Revenue Service. *See* John Guyton, Patrick Langetieg, Daniel Reck, Max Risch, and Gabriel Zucman, *Tax Evasion at the Top of the Income Distribution: Theory and Evidence*, Working Paper 28542, Nat'l Bureau of Econ. Res., at 1, (released March 22, 2021), <http://www.nber.org/papers/w28542> [<https://perma.cc/ER2B-87MN>]. The study was conducted by two IRS researchers, John Guyton and Patrick Langetieg, and three professors: Daniel Reck of the London School of Economics, Max Risch of Carnegie Mellon University, and Gabriel Zucman of the University of California at Berkeley. The authors analyzed a sample of U.S. taxpayers who started reporting foreign bank accounts or disclosed hidden offshore assets as part of initiatives to increase tax compliance between 2009 and 2012. *Id.* at 3, 50. Many of these taxpayers had been randomly audited prior to the crackdown on offshore evasion, but more than 90% of these audits had not discovered any foreign assets. *Id.* at 3. Additionally, the study showed that “evasion conducted through offshore financial accounts is highly concentrated at the top of the income distribution and [was] almost never detected” by random audits prior to 2008, which marked the start of several initiatives by the IRS and the U.S. Department of Justice to fight offshore tax evasion, including the IRS's OVDP, discussed below in paragraphs 106-111 and the implementation of the Foreign Account Tax Compliance Act (“FATCA”) discussed below in paragraphs 36-39. *Id.* at 15.

12. “[R]andom audits do not detect all forms of tax evasion,” and they “may not detect sophisticated evasion strategies.” *Id.* at 2. The study found that only a negligible amount of tax evasion by the top 0.01% is detected, and that the undetected tax evasion is largely due to the use of foreign intermediaries using undeclared foreign bank accounts and the use of pass-through entities, such as partnerships. *Id.* at 2-3, 18.

13. The first dataset analyzed by the study was comprised of OVDP participants from 2009 to 2015, and the authors matched 50,020 such taxpayers to their individual tax returns. *Id.* at 16. The second dataset analyzed was the first-time filers of Foreign Bank Account Report (“FBAR”) informational returns filed between 2009 and 2011 to report their offshore assets, with the taxpayers having a U.S. address and a foreign bank account in a tax haven. *Id.* The study matched 31,752 such taxpayers with their individual income tax returns and found that they disclosed \$124 billion in wealth between 2009 and 2011, compared to a total reported FBAR wealth by all taxpayers of \$290 billion. *Id.* To demonstrate that random audits rarely detected offshore tax evasion during the period studied, the study noted that 378 first-time FBAR filers and 135 OVDP participants were randomly audited between 2006 and the date of their disclosure of an offshore account, and that the audit uncovered the offshore wealth and the taxpayer’s need to file an FBAR in only 7 percent of the cases. *Id.* at 17. The authors include a caveat that both datasets contain information on taxpayers who voluntarily disclosed their offshore wealth via OVDP or by filing an amended return (a “quiet disclosure”) and, therefore, are not a representative sample of all owners of offshore wealth. *Id.* at 19.

14. The study estimated “that 36% of federal income taxes unpaid are owed by the top 1% and that collecting all unpaid federal income tax from this group would increase federal

revenues by about \$175 billion annually.” *Id.* at 4. The authors estimated that “[i]n total, . . . \$15 billion in taxes was evaded from offshore accounts, with \$10.5 billion of this total attributed to the top 0.1%, and \$6.4 billion attributed to the top 0.01%.” *Id.* at 21. However, the study’s authors “stress that [their] estimates are likely to be conservative with regard to the overall amount of evasion at the top.” *Id.* at 50. The study also stated that, “[f]rom public reporting and anecdotal evidence, it seems likely that there are other specific forms of tax evasion . . . among high income/wealth individuals,” including the use of offshore trusts and other entities controlled by the taxpayer. *Id.*

15. The Wall Street Journal reported that IRS Commissioner Charles Rettig referenced the above research paper in congressional testimony during the week of March 15, 2021, urging a House panel to give the agency more money for enforcement. “It is not just a body count of how many people we have in enforcement,” Mr. Rettig said. “We need to have specialized agents.” Mr. Rettig further told the House panel that every additional dollar spent on tax enforcement could result in \$5 to \$7 in additional tax revenue. The article noted that “[r]esearch on tax avoidance and evasion can be difficult and imprecise because it requires seeing what has been intentionally hidden.” Richard Rubin, *High Income Tax Avoidance Far Larger than Thought, New Paper Estimates*, Wall Street J., [https://www.wsj.com/articles/high-income-tax-avoidance-far-larger-than-thought-new-paper-estimates-11616364001?mod=searchresults\\_pos1&page=1](https://www.wsj.com/articles/high-income-tax-avoidance-far-larger-than-thought-new-paper-estimates-11616364001?mod=searchresults_pos1&page=1) [<https://perma.cc/9U28-GZYN>].

### C. Offshore Merchant Accounts

16. One device taxpayers use to move funds offshore is an offshore merchant account. A merchant account is a bank account into which a business’s credit card receipts are

deposited. Merchant accounts typically are located where a taxpayer does business, but it is possible for such an account to be established in an offshore bank, so that credit card business receipts are electronically diverted to the offshore bank. U.S. merchants thus can transact business in the United States but arrange to have their daily net proceeds from charge sales deposited directly into a merchant account located in an offshore secrecy jurisdiction. U.S. taxpayers who use offshore merchant accounts often open such accounts in the names of offshore shell companies. Cases developed by the Service from information received under a John Doe summons for the offshore merchant account data of First Atlantic Commerce, Ltd., a Bermuda corporation, revealed that owners of U.S.-based businesses used offshore merchant accounts established in the names of offshore shell companies to escape taxation on their U.S. business income. *See In re Tax Liabs. of John Does*, No. 1:09-cv-00861-REB (D. Colo. Apr. 15, 2009).

17. One way to repatriate funds accumulated in offshore bank accounts is via credit cards issued by offshore banks to offshore shell companies, which then pay the balances owed with the offshore funds. This strategy was the subject of the Service's Offshore Credit Card Project, under which over 130 John Doe summonses were approved by district courts around the country. As a result of examinations conducted by the Service under that project, I know that such cards are used extensively to covertly gain access to untaxed offshore funds. This is a common practice promoted by offshore professionals and used by persons with offshore accounts. Additionally, the United Nations Office for Drug Control and Crime Prevention's Global Programme Against Money-Laundering released a report discussing the use of cards as a repatriation device, which 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.”<sup>4</sup>

**D. Offshore Private Banking and Correspondent Accounts**

18. Private banks are banks, or operational units within banks, that specialize in providing financial and related services to wealthy individuals. Private banks primarily provide such services by acting as a financial advisor, estate planner, credit source, and investment manager.

19. To open an account in a private bank, prospective clients typically must deposit a substantial sum, often \$1 million or more. In return for this deposit, the private bank assigns a “private banker,” “relationship manager,” or “client advisor” to act as a liaison between the client and the bank to facilitate the client’s use of the bank’s wide-ranging financial services and products. Those products and services often span the globe, enabling the client to benefit from services in carefully selected offshore jurisdictions that tout their strong financial privacy laws.

20. Offshore private banking practices have received considerable attention in connection with the concealment of assets. In 1999, the Minority Staff of the Senate Permanent Subcommittee on Investigations issued a report on private banking—the provision of more sophisticated and comprehensive financial services to high-dollar banking relationships—that concluded:

Most private banks offer a number of products and services that shield a client’s ownership of funds. They include offshore trusts and shell corporations, special name accounts, and codes used to refer to clients or fund transfers.

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<sup>4</sup> *Financial Havens, Banking Secrecy and Money Laundering* (May 29, 1998), <http://www.imolin.org/imolin/finhaeng.html> [<https://perma.cc/MJG5-G3BA>].

All of the private banks interviewed by the Subcommittee staff made routine use of shell corporations for their clients. These shell corporations are often referred to as “private investment corporations” or PICs. They are usually incorporated in [offshore financial secrecy] jurisdictions . . . which restrict disclosure of a PIC’s beneficial owner. Private banks then open bank accounts in the name of the PIC, allowing the PIC’s owner to avoid identification as the accountholder.

*Private Banking and Money Laundering: A Case Study of Opportunities and Vulnerabilities:*

*Hearings Before the Senate Permanent Subcommittee on Investigations*, S. Hrg. 106-428 at 881-82 (1999) (Minority Staff Report).<sup>5</sup>

21. The Service’s experience has shown that private banking relationships are not the only mechanism used to conceal ownership of funds from taxing authorities and others. As described in paragraph 10 above, the recent disclosure of previously undisclosed bank accounts at over 600 banks or branches of banks in jurisdictions around the world suggests that offshore account abuses are not limited to private bank accounts.

22. A correspondent banking relationship involves a foreign bank providing its customers with U.S. banking services by maintaining a correspondent account with a U.S. bank. In this way, the U.S. bank’s services, including U.S. dollar transactions, are available to the clients of the foreign bank. The Service has learned that correspondent banking relationships often facilitate the transfer of funds offshore and can present increased risk of facilitating tax evasion.

23. In the Service’s experience, correspondent bank accounts provide domestic owners of offshore accounts with a mechanism for accessing those accounts remotely. They are

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<sup>5</sup> <http://www.hsgac.senate.gov/download/report-private-banking-and-money-laundering-a-case-study-of-opportunities-and-vulnerabilities> [<https://perma.cc/A8F9-JA8H>].

also used to facilitate the transfer of U.S. dollar denominated funds from one foreign bank to another.

**E. The Swiss Bank Program**

24. The Swiss Bank Program, which was announced by the U.S. Department of Justice on August 29, 2013,<sup>6</sup> provided a path for Swiss banks to resolve potential criminal liabilities in the United States.

25. The Swiss Bank program divided Swiss banks into four categories. As relevant here, “Category 2” banks were required to advise the U.S. Department of Justice if they had reason to believe they had committed tax-related criminal offenses in connection with undeclared U.S.-related accounts. The non-prosecution agreements and statements of fact for Category 2 banks include specific details regarding how the banks interacted with their U.S. customers.<sup>7</sup>

26. An example of a common Swiss banking practice involved taxpayers with so-called “structured” accounts. A U.S. person would create an entity, such as a Panamanian corporation, and pay fees to third parties acting as the entity’s corporate directors. Those third parties, at the direction of the U.S. person, would open a Swiss bank account in the name of the entity. In some cases, the Swiss bank was aware that the true beneficial owner of an account was a U.S. person. Despite this knowledge, the bank would obtain from the entity’s directors an IRS Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax*

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<sup>6</sup> U.S. Department of Justice, Press Release, *United States and Switzerland Issue Joint Statement Regarding Tax Evasion Investigations* (Aug. 29, 2013), <http://www.justice.gov/tax/pr/united-states-and-switzerland-issue-joint-statement-regarding-tax-evasion-investigations> [<https://perma.cc/U756-GP4U>].

<sup>7</sup> See U.S. Department of Justice, *Swiss Bank Program* (last updated July 24, 2019), <http://www.justice.gov/tax/swiss-bank-program> [<https://perma.cc/3GJZ-C22H>].

*Withholding and Reporting (Individuals)*, or equivalent bank document in which the directors falsely declared that the beneficial owner was not a U.S. person. Although it was highly probable that in such cases the U.S. person was avoiding U.S. taxes, some of these accounts traded in U.S. securities without the Swiss bank reporting account earnings or transmitting any withholding taxes to the IRS, as was required by law in many cases.

27. The statements of fact accompanying the non-prosecution agreements for forty-two of the eighty-four<sup>8</sup> Category 2 banks provide information on how Swiss banks allowed the use of, or provided assistance with respect to the formation of, Panamanian entities. These entities ultimately were used to open Swiss bank accounts that were beneficially owned by U.S. taxpayers and held in the name of Panamanian entities.

**F. Tax Reporting Obligations of U.S. Taxpayers**

28. As stated above, U.S. taxpayers with gross income meeting the filing requirements, wherever they live, must file annual income tax returns with the IRS reporting their income from all sources worldwide, including income from foreign financial accounts. 26 U.S.C. §§ 61, 6011(a). Taxpayers who fail to do so are violating U.S. internal revenue laws. Many U.S. taxpayers have long employed offshore accounts in countries with strict banking secrecy laws as a means to conceal assets and income from the U.S. Government.

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<sup>8</sup> The 81<sup>st</sup> through 84<sup>th</sup> non-prosecution agreements executed under the Swiss Bank Program are amendments for the non-prosecution agreements of Bank Lombard Odier & Co. Ltd., Banque Bonhote & Cie SA, Coutts & Co. Ltd., and Union Bancaire Privee, UBP SA, with the initial agreements for these banks listed as the 74<sup>th</sup>, 48<sup>th</sup>, 70<sup>th</sup>, and 76<sup>th</sup> non-prosecution agreements, respectively.

29. U.S. taxpayers who have a financial interest in, or signature authority over, any foreign financial account must disclose the existence of that account on their federal income tax returns. For individuals, this is done by checking the “Yes” box in response to a question at the bottom of Schedule B, *Interest and Ordinary Dividends*, which is attached to IRS Form 1040, *U.S. Individual Income Tax Return* (or Form 1040A).

30. Effective in tax year 2011, U.S. individual taxpayers are also required to file Form 8938, *Statement of Specified Foreign Financial Assets*, with their income tax returns if the aggregate value of their foreign financial assets exceeds certain dollar thresholds.

31. Effective with tax years beginning after December 31, 2015, domestic entities are also required to file Form 8938 if they were formed or used to hold specified foreign financial assets and the total asset value exceeds the appropriate reporting threshold.

32. U.S. taxpayers who have a financial interest in, or signature authority over, one or more financial accounts in a foreign country with an aggregate value of more than \$10,000 at any time during a calendar year are further required to file with the U.S. Department of the Treasury FinCEN Form 114, *Report of Foreign Bank and Financial Accounts* (“FBAR”). It is the Service’s experience that taxpayers who fail to file FBARs with respect to their foreign financial accounts typically also fail to check the box on Schedule B of their IRS Forms 1040 (or Forms 1040A) disclosing the existence of foreign financial accounts or to report interest or other income earned with respect to those foreign accounts.

33. A U.S. person who receives a distribution from a foreign trust, or who was the grantor of, or transferor to, a foreign trust, or who receives certain large gifts or bequests from

certain foreign persons, may be required to file IRS Form 3520, *Annual Return to Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts*.

34. A U.S. person who is treated as an owner of any portion of a foreign trust under the grantor trust rules is responsible for ensuring that the foreign trust files IRS Form 3520-A, *Annual Information Return of Foreign Trust With a U.S. Owner*, and that the required annual statements are furnished to the trust's U.S. owners and U.S. beneficiaries.

35. A U.S. person may further be required to file IRS Form 5471, *Information Return of U.S. Persons With Respect to Certain Foreign Corporations*, if certain conditions are met relating to their ownership interest in a foreign corporation.

**G. Foreign Account Tax Compliance Act (“FATCA”)**

36. In March 2010, Congress enacted FATCA to improve U.S. taxpayer compliance with reporting foreign financial assets and offshore accounts. The purpose of FATCA is to identify noncompliance by U.S. taxpayers using undisclosed foreign financial accounts and foreign assets. FATCA requires foreign financial institutions (“FFIs”) to report to the IRS on an annual basis certain information about financial accounts held by U.S. taxpayers, including the accounts of foreign entities in which U.S. taxpayers hold a substantial ownership interest.

37. FATCA is implemented via Intergovernmental Agreements (“IGAs”) under which FFIs are to report certain information, including the taxpayer identification numbers (“TIN”) of U.S. taxpayers. Beginning in 2014, the IGA with Panama required financial institutions there to provide the Service with limited financial information with respect to reportable accounts, and to gradually increase such disclosures until the agreements were fully implemented in 2016.

38. POLS Group entities (specific entities defined below) have accounts at certain Panamanian banks identified below (“POLS’ Panamanian Banks”), which in turn have correspondent accounts at several banks in the United States: HSBC Bank USA, Bank of America, Wells Fargo, and Citibank. The proposed John Doe summonses seek records of transactions processed through those U.S. banks’ correspondent accounts with POLS’ Panamanian Banks. As relevant herein, FATCA does not apply to any of the summoned parties discussed below, but does apply to POLS’ Panamanian Banks.<sup>9</sup> Thus, even if POLS’ Panamanian Banks filed appropriate FATCA Reports with the Service, the Service would not have the correspondent account information requested in the attached summonses, as that information is not reportable to the Service under FATCA. As a result, whether POLS’ Panamanian Banks are in compliance with FATCA is irrelevant for purposes of the requested John Doe summonses. Moreover, the Service is not questioning the accuracy of FATCA filings by POLS’ Panamanian Banks.

**H. Other Tax-Related Reporting Obligations of Foreign Banks**

39. Foreign banks must, among other things, obtain IRS Form W-9, *Request for Taxpayer Identification Number and Certification*, from all U.S. individual beneficial owners whose funds are invested in or through the foreign bank and report to the IRS on a Form 1099 all U.S.-sourced income payments and certain other amounts paid to those U.S. customers. A Form W-9 is completed by a “U.S. person” (as defined for federal tax purposes) to certify that the TIN that the U.S. person is providing to a requester (such as a withholding agent or financial

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<sup>9</sup> The Service received Form 8966 filings for the calendar years 2014 through 2018 from POLS’s Panamanian Banks.

institution) is correct. A Form 1099 is an information return filed with the Service by an individual or an entity to report different types of income such as interest, dividends, capital gain distributions, stock sales, rents, royalties, and non-employee compensation paid to a U.S. person.

40. For federal tax purposes, a U.S. person is (1) an individual who is a U.S. citizen or U.S. resident alien, (2) a partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, (3) an estate (other than a foreign estate), or (4) a domestic trust (as defined in Treas. Reg. § 301.7701-7).

### **III. Panama Offshore Legal Services Group**

41. POLS is an entity that provides multi-jurisdictional offshore services in the form of comprehensive entity formation and legal and management services for clients wanting to use Panamanian entities to conceal their ownership of assets, to establish bank accounts in Panama, and to invest in Panamanian real estate.

42. Entities and websites that appear to be connected to POLS are referred to herein, collectively with POLS, as the POLS Group. Entities within the POLS Group offer immigration services, Panama real estate transaction processing, escrow services, bank introductions for Panama and offshore bank accounts in other jurisdictions, Panama brokerage firm introductions, mail forwarding, contract drafting services, offshore asset protection and estate planning, and offshore legal consulting. The POLS Group as referenced herein is comprised of the following entities: Panama Offshore Legal Services; Online Products, Inc.; Panama Title & Escrow; Panama Wholesale Offshore Services; Panama Corporation; Belize Corporations; Panama Mortgage Brokers; Panama Real Estate Group; Panama Tax Advisors; Panama Foundation;

Panama Offshore Services International Inc.; Panama Surf Tours; and Panama Immigration Services. These entities are described in paragraphs 44 through 104.

43. The entities within the POLS Group share many commonalities with POLS, such as substantially similar or identical U.S. and foreign contact information, offshore marketing materials, corporate registration information, directors, officers, and registered agents. Additionally, official POLS materials expressly reflect POLS's ties to other entities in the POLS Group. For example, the "Client-Firm Representation Agreement" included in one of POLS's order forms lists some of the POLS Group associates (including Panama Offshore Legal Services, Panama Offshore Services International Inc., Panama Title & Escrow Inc., Panama Real Estate Group Inc., and Panama Mortgage Brokers, Inc.) as entities that the prospective client agrees to indemnify and hold harmless. (Ex. 1 at 13). Through the POLS Group, POLS diversifies its marketing efforts and offers a variety of offshore services to its clients, which include U.S. persons.

**A. Panama Offshore Legal Services**

44. POLS is a Panamanian law firm that has been providing offshore services since 2000, including the formation of corporations and Panamanian foundations, estate planning, and asset protection.<sup>10</sup> (Ex. 2 at 1). POLS also offers immigration services, real estate transaction processing, and escrow services, as well as assistance with offshore bank accounts in financial secrecy jurisdictions, offshore brokerage accounts, offshore merchant accounts, mail forwarding

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<sup>10</sup> POLS was formed in 2000 under the name "Panama Offshore Services, Inc." and changed names in 2002. (Ex. 2 at 1).

services, and offshore legal consulting. (Exs. 3a<sup>11</sup> at 1; 3b at 10). At least in 2015 and 2016, POLS had an office at Calle 41 Este, IPASA Building, 3rd floor, Panama City, Panama, and a post office box at Apartado 0819-04215, Panama City, Panama. (Ex. 4a at 3-4). In addition, from at least 2015 through February 27, 2020, POLS had a post office box located at Suite #4707, Apartado 0843-03073, Balboa Ancon, Panama. (Exs. 4b at 2; 4c at 3-4; 4d at 3-4). POLS also had a courier address at 2250 NW 114th Avenue, Unit 1P, PTY 4707, Miami, FL 33192-4177, and a post office box: P.O. Box 025724, PTY 4707, Miami, FL 33102-5724. (Exs. 4b at 2; 4c at 3; 4d at 3). PTY is the postal identifier for Panama, and the numbers following the code PTY identify the city and store where the customer applied for the post office box. POLS's current office is located at PH SL55 Building, 31st Floor, Ave. Samuel Lewis & Calle 55, Obarrio, Panama City, Panama. (Ex. 4e at 7).

45. Internet research revealed that on December 26, 2001, POLS filed incorporation documents (in Spanish) with the Panamanian Public Registry to practice law in Panama, and named Manoj Chatlani and Pedro Gonzalez as the firm's partners and attorneys. From reviewing these incorporation documents, I learned Mr. Chatlani is a citizen of, and licensed attorney in, Panama. Additionally, I learned that on July 22, 2002, POLS amended its incorporation documents and replaced Mr. Chatlani with Homero Cevallos as partner and attorney. POLS' 2002 incorporation documents stated that Mr. Chatlani was permitted to file those documents with the Panamanian Public Registry, and the IRS is aware that Mr. Chatlani actually did file

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<sup>11</sup> As of March 11, 2021, the POLS homepage changed (Ex. 3b). Some of the POLS services mentioned in Ex. 3a are separated in different webpages and are also listed in the fee schedule (Ex. 40).

those documents, and in doing so signed a form identifying himself as POLS' legal representative/registered agent. I also learned that on June 7, 2007, POLS amended its incorporation documents and replaced Mr. Cevallos with Jon Hanna as partner and attorney. Mr. Hanna is a dual citizen of Panama and the United States and is licensed to practice law in Panama. Further, I learned that on June 10, 2014, POLS yet again amended its incorporation documents, reflecting that Mr. Hanna had resigned, and Angel Augusto Cedeño Palacios became a partner of POLS.

46. Internet research confirmed Mr. Hanna's role in POLS. A Google search of the words "Jon Hanna AND Panama Offshore Services" produced a link to a webpage, attached hereto as Exhibit 103, where Mr. Hanna is listed as "Contact Person" for Panama Offshore Services International, Inc., an associate of POLS. *See* paragraph 99 below. Other webpages list "Jon Hanna" as a member of POLS.<sup>12</sup> An article posted on September 29, 2011, on escapeartist.com, titled "Asset Protection in Panama - Earn up to 9% on Your Cash," written by "Jon Hanna, Panama Offshore Legal Services," describes how to reach retirement goals by investing in Panamanian credit unions that offer strict banking secrecy and interest not taxed in Panama. (Ex. 5 at 1-2). A search on the website Yatedo.com of "Jon Hanna" produced a link to a "Public Profile" website where he was listed as "Attorney at Law—Panama Offshore Legal Services." (Ex. 6).

47. Internet research also confirmed Mr. Chatlani's role in POLS. A Google search of the words "Manoj Chatlani" produced a link to Mr. Chatlani's "LinkedIn" profile, which states

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<sup>12</sup> *See, e.g.*, <http://www.lawyers.com/panama/panama/panama-offshore-legal-services-4620680-f/> (last visited May 2, 2021).

that he has been the “Owner/Partner” of POLS since 2002, and still holds that title. (Ex. 7 at 1-2).<sup>13</sup>

48. Another search resulted in the discovery of Exhibit 2, which quotes “Manoj Chatlani, Partner of [POLS]” as stating, ““We are immensely proud to be celebrating our 11th anniversary of providing first-class offshore services in Panama.”” (Ex. 2 at 1). Other web pages list Mr. Chatlani as owner of POLS.<sup>14</sup> A 2013 *Wall Street Journal* article about U.S. citizens moving to Central America for retirement identifies Mr. Chatlani as a Panama-City-based attorney for POLS. (Ex. 8 at 2).

49. POLS offers its clients assistance with the formation of offshore companies, for which POLS or its nominee is the registered agent. I learned this from POLS’s websites, and also from searching a corporate database created by a person named Daniel O’Huiginn that compiles information available from the Panamanian government and facilitates the search of Panamanian corporate records by the name of a company or person. I accessed this webpage in January and June 2015. My query for POLS resulted in 2,535 companies for which POLS is the registered agent. (Ex. 9).<sup>15</sup> Based on my experience, this database only contains information about Panamanian entities. Thus, the beneficial owners of the companies listed in this database are members of the John Doe class if they are U.S. taxpayers who have not disclosed their

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<sup>13</sup> [https://pa.linkedin.com/in/manoj-chatlani-92ba8213/%7Bcountry%3Dus%2C+language%3Den%7D?trk=people-guest\\_profile-result-card\\_result-card\\_full-click](https://pa.linkedin.com/in/manoj-chatlani-92ba8213/%7Bcountry%3Dus%2C+language%3Den%7D?trk=people-guest_profile-result-card_result-card_full-click) (last visited May 2, 2021) [<https://perma.cc/9SK6-82TZ>].

<sup>14</sup> *See, e.g.*, <http://www.zoominfo.com/p/Manoj-Chatlani/1024013528> (last visited May 2, 2021) [<https://perma.cc/XP2L-U2CQ>].

<sup>15</sup> [http://ohuiginn.net/panama/person/PANAMA%20OFFSHORE%20LEGAL%20SERVICES%20\(POLS\)](http://ohuiginn.net/panama/person/PANAMA%20OFFSHORE%20LEGAL%20SERVICES%20(POLS)) (last visited Oct. 3, 2018) [<https://perma.cc/9HSX-2G3L>].

beneficial ownership to the Service. This database also links a person who appears to be Mr. Hanna to eight companies,<sup>16</sup> (Ex. 10), and Mr. Chatlani to eighteen companies, (Ex. 11).

50. POLS offers a variety of services that help its clients conceal their ownership of offshore entities and accounts, and its website, written in English, advertises the benefits of its offshore services. (Exs. 3a; 3b). In addition to assisting clients with forming offshore corporations, POLS offers clients the use of so-called shelf corporations and foundations, as well as offshore foundations that assist clients in the maintenance and operation of their offshore structures. POLS also connects clients with a banking network whereby they can establish anonymous bank accounts. POLS's website includes pages entitled "Why Go Offshore" and "Why US?", which tout the benefits of using Panamanian entities established through POLS for "asset protection" with "100% anonymity, privacy and confidentiality," (Ex. 13 at 2), in a country that offers "the strongest bank-secrecy laws on earth," (Ex. 12 at 2).

51. Additionally, POLS's website describes the use of anonymous "bearer shares" as a benefit of incorporating in Panama. (Ex. 14). For instance, the website emphasizes: "Panama corporations allow 'bearer share corporations[,]' meaning that the share certificates may be issued in Bearer form (Bearer Shares are an anonymous form of ownership), with or without par value." (Ex. 15 at 1). A bearer share is an equity security that is owned by the holder of the physical stock certificate. Because bearer shares can be transferred without generating records, neither the issuing corporation nor any transfer agent can maintain an accurate record of the corporation's owner, the holder of the bearer shares.

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<sup>16</sup> The database lists Mr. Hanna as "Jon Davis Hanna Davis," but based on this person's affiliation with PTE, discussed at paragraphs 65-72 below, it appears to be Mr. Hanna.

52. I obtained a copy of POLS’s “Entity Order Form,” which is available on POLS’s website for submission by prospective clients interested in using POLS’s services. POLS requests the prospective client’s personal information (e.g., contact information, passport number, and nationality), and information regarding the types of services the client wishes to purchase. (Ex. 1).<sup>17</sup> Among the options provided on the form is the choice to use POLS’s “nominee director” services, in which case the client may select either corporations or natural persons to act as the nominee president, secretary, and treasurer. Where the natural-person nominee-director structure is chosen for a corporation, Antonia Ojo, Gerasimo Samudio, and Mirta Mojica are listed on the document with the respective titles of president, secretary, and treasurer. (Ex. 1 at 10). Daniel O’Huiginn’s Panama corporate database links Ms. Ojo to 346 companies, (Ex. 16), Mr. Samudio to 319 companies, (Ex. 17), and Ms. Mojica to 174 companies. (Ex. 18). Other persons used by POLS and its associates as nominees include Roberto Guerra, who is linked to 43 companies, (Exs. 1 at 10; 19), and Elena Rodriguez Moran, who is linked to 38 companies.<sup>18</sup> (Ex. 20). Based on my experience, foreign corporations with nominee officers and directors are often used to conceal beneficial ownership.

53. POLS provides more than twenty offshore structures, including various types of anonymous formation packages that can be tailored to corporations, foundations, and banks. Five of the packages are described below. In my experience, packages of these types are designed to, and are used to, disguise the true beneficial owners, and to facilitate the beneficial

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<sup>17</sup> <http://www.panama-offshore-services.com/forms/POLS-Entity-Order-Form-1.3.pdf> (last visited May 2, 2021) [<https://perma.cc/RV8R-FR7U>].

<sup>18</sup> See paragraph 66 below for Elena Rodriguez Moran’s connection to the POLS Group.

owners' transmission of funds, as well as to disguise the recipient of and the reason for the transfer of funds. This is a method for U.S. persons to evade their U.S. tax obligations by concealing unreported taxable income in accounts in offshore financial secrecy jurisdictions.

a. *Corporations.* POLS maintains a webpage entitled "Offshore Panama Corporation," which advertises the benefits of a Panamanian corporation for those seeking "global asset protection, privacy, investment diversification, tax minimization, affordability and convenience." (Ex. 14 at 1). POLS also maintains a webpage entitled "Panama Corporation Facts & Benefits," which discusses purported advantages of Panamanian corporations as to convenience, privacy, and secrecy. (Ex. 15). Another POLS webpage entitled "Panama Corporation Tax Information" details the tax advantages of nonresident offshore Panamanian corporations. (Ex. 21). POLS has a webpage that explains the "simple procedures" to form a Panamanian corporation. (Ex. 22 at 1-4). Another POLS webpage advertises an "Exclusive Panama Corporation Package" that includes, for \$1,300, a Panamanian corporation, general power of attorney, an offshore financial account, and an offshore debit card. (Ex. 23). Lastly, a POLS webpage entitled "Complete Offshore Corporation & Foundation Package" states that POLS recommends a "dual entity structure" in which an offshore corporation holds the assets at issue and the corporation is held by a Panamanian foundation. The dual entity structure is advertised as providing "the utmost in offshore asset protection, anonymity, privacy, and convenience." (Ex. 24 at 1). Based on my experience, foreign corporations with nominee officers or directors, as well as "dual entity structures" such as those described above, are devices often used to conceal beneficial ownership.

b. *Foundations.* POLS maintains a webpage entitled “Offshore Foundations in Panama” that describes offshore foundations as offering “the ultimate in privacy, anonymity, and protection” for clients. (Ex. 25 at 2). POLS also maintains a webpage entitled “Uses of Panama Foundations.” (Ex. 26). This page illustrates how an offshore foundation can be used to mask the true beneficial owner of an asset, as an alternative to the use of bearer shares, “which could be risky if lost,” or be used as a vehicle for transferring funds to, or receiving funds from, offshore. (Ex. 26 at 1). POLS’s “Elements of a Panama Private Interest Foundation” webpage emphasizes privacy and confidentiality through use of nominees and various non-public documents that have the effect of concealing the names of a foundation’s protector (i.e., the person who controls the foundation and its assets) and beneficiaries. (Ex. 27). The POLS website entitled “Panama Foundation Tax Information” lists tax advantages of Panamanian foundations and Panama franchise tax information, (Ex. 28), and the webpage titled “Procedures for Establishing a Panama Foundation” describes “simple procedures” for establishing a Panama foundation, (Ex. 29 at 1). Further, POLS offers an “Exclusive Panama Foundation Package” that includes a foundation, a general power of attorney, an offshore corporate brokerage account, and corporate debit cards “for access to cash via ATM’s around the globe” for \$1,400. (Ex. 30 at 2). POLS offers an option to add a corporate bank account with a “secure international bank,” along with corporate credit cards, for an additional \$700. (Ex. 30 at 3). Based on my experience, offshore foundations can be and are used to conceal beneficial ownership in various ways, including through the use of nominee directors and undisclosed protectors and beneficiaries.

c. *Shelf companies and shelf foundations.* POLS offers customers a “Shelf Corporation & Foundation Package” and a “Shelf Foundation Package.” These packages

provide clients with pre-formed corporations or private interest foundations registered with the Panamanian government. (Exs. 31; 32). POLS also assists clients in opening offshore brokerage or bank accounts and debit and credit card accounts in the name of the company or foundation. (Exs. 31; 32). In my experience, the use of “shelf,” or previously formed, corporations and foundations is a common practice designed to create the false impression that the offshore entity was in business prior to the beneficial owner’s involvement.

d. *Offshore bank accounts.* POLS maintains a “Panama Offshore Bank Account” webpage advertising its service of establishing offshore bank accounts. (Ex. 33). In my experience, the use of offshore bank accounts (particularly in jurisdictions with bank secrecy, like Panama) by U.S. persons who have no other connection to those jurisdictions is often associated with tax evasion.

e. *Offshore merchant accounts.* POLS offers offshore merchant account services. POLS’s “Offshore Merchant Accounts” webpage advertises these accounts as “the perfect solutions for you to obtain privacy, and avoid all of the burdensome rules and regulations surrounding online e-commerce in your domestic country.” (Ex. 34 at 1). The website describes how to establish a “Tax free Offshore Internet e-commerce business” using “four simple steps.” (Ex. 34 at 1). Such steps involve setting up a “tax free” offshore corporation, establishing an offshore bank account, setting up a business website and, finally, establishing an online merchant account through POLS’s correspondent banks and merchant processors. (Ex. 34). The use of an offshore bank account does not exempt a person doing business in the United States from U.S. taxation, but it is the IRS’s experience that U.S. persons who use offshore merchant accounts

often open the accounts in the name of an offshore shell company to attempt to conceal activity and evade taxation on their U.S. business income.

54. In addition to Panama, POLS offers assistance with forming corporations organized in Belize, the British Virgin Islands, Nevis, Nevada, and Delaware. One of POLS's webpages, entitled "Belize Offshore Corporation," explains that Belize's laws allow for the creation of anonymously owned offshore corporations with bank account secrecy. POLS's webpage about British Virgin Islands offshore companies, titled "BVI Offshore Company," identifies the benefits of a BVI offshore company as including being "exempt from income taxes derived from dividends, interest, rents, royalties, company compensations, and capital gains"; providing "[t]otal secrecy for shareholders, directors, and beneficial owners"; and allowing bearer shares. POLS's webpage about Nevis business corporations, titled "Nevis Offshore Company," identifies as benefits of a Nevis business corporation the lack of corporate tax; the lack of disclosure in public records of beneficial owners, shareholders, and directors; the allowance of bearer shares and foreign directors; and the absence of an annual return filing requirement. POLS's webpage titled "Nevada Corporation" highlights the lack of corporate, personal, or corporate franchise tax in Nevada; the fact that directors, officers, and shareholders do not have to be U.S. citizens; that nominee directors and officers are allowed; and that there are no required public record filings of shareholders' names. POLS's webpage entitled "Delaware Corporation" describes the lack of Delaware income tax on Delaware corporations conducting business outside of the state; the absence of sales or personal property taxes in Delaware; and the absence of personal income tax for non-residents. (Exs. 35a; 35-38). It is the

IRS's experience that U.S. persons form entities in these jurisdictions because it is quick and simple, and because it is easy to conceal ownership of the entities to avoid taxes.

55. POLS maintains a webpage entitled "Mail Forwarding," which states that POLS will hold or forward mail based on the client's instructions for a fee of \$300 per year. (Ex. 39). In my experience, mail forwarding services such as these assist U.S. persons in concealing their ownership in offshore entities or bank accounts because there is no U.S. "paper trail" or record keeper. The U.S. persons avoid receiving records of their foreign accounts that would have been sent to the United States, and then deny ownership of their accounts to U.S. taxing authorities, claiming they never received any records of the account.

56. POLS publishes its fees for offshore services on its "Fee Schedule" webpage. (Ex. 40).

57. POLS's webpages contain numerous references to the use of courier services such as FedEx, DHL, TNT Express ("TNT"), and UPS for shipping documents and payments between POLS and its customers. Examples of such webpages are POLS's "Complete Offshore Corporation & Foundation Package" page and its "Complete Offshore Shelf Corporation & Foundation Package" page. (Exs. 24 at 5; 31 at 6).

58. POLS's webpages also contain instructions on the use of Western Union, MoneyGram, international money orders, and U.S. dollar checks to transfer funds, and offer instructions on how to make wire transfers. (Exs. 1 at 9; 22 at 3; 29 at 2; 41 at 9). Other information available to the Service suggests that POLS has received payments via wire transfers and checks. For example, information available to the Service indicates that checks were paid to POLS in 2009 and 2011 from a bank account at Harris Bank belonging to one of the Panamanian

entities in the POLS Group, Online Products Inc. (“OPI”).<sup>19</sup> Information from other sources also indicates that wire transfers from persons with a U.S. connection were sent to POLS in 2009 and 2010 through OPI’s U.S. bank account at Harris Bank. In addition, the Service has information showing that wires and checks were sent by persons with a U.S. connection<sup>20</sup> in 2014 to Manoj Chatlani, who was a POLS partner and attorney at the time. The Service is also aware that Mr. Chatlani’s personal U.S. bank account received wire transfers and checks with notes describing such transactions as “corp fees.” He then transferred those amounts in 2014 to entities connected with POLS. The Service also possesses information showing that wires and checks were sent to Mr. Chatlani in 2015 with memos and notes referencing services provided by POLS.

**B. Online Products Inc.**

59. OPI, which provides investment services, incorporated with the Public Registry of Panama on July 29, 2002. I learned this from reviewing incorporation documents written in Spanish filed with the Panama Public Registry. I was unable to find a website for OPI.

60. Multiple sources indicate that OPI is connected with POLS. According to OPI’s incorporation documents, POLS serves as OPI’s registered agent. Information available to the IRS indicates that Jon Hanna is the general manager and holds a power of attorney for OPI. According to information available to the Service, OPI used a U.S. address of 11010 NW 30<sup>th</sup> Street #104, Miami, FL 33172, which later changed to PTY 196, P.O. Box 025724, Miami, FL 33102. POLS’s “Contact Us” webpage previously listed its address as this same post office box

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<sup>19</sup> See paragraphs 59 through 64 below for a detailed discussion of OPI.

<sup>20</sup> U.S. persons already identified by the IRS as users of POLS Group’s services are not members of the John Doe class.

in Miami, though with a different PTY identifier. (Ex. 4d at 3-4). Information available to the Service also indicates that OPI uses a U.S. toll free phone number of 1-800-716-3452, which is the same phone number used by POLS. (Ex. 4d at 2). Panama Wholesale Offshore Services (“PWOS”), one of the POLS Group associates discussed below in paragraphs 73 through 81, posted on its website in 2015 a “Renewal and Taxes Notice” listing POLS’s name and address under the notice heading that directs customers to pay to OPI their annual renewal fees for Panamanian entities, resident agent fees, and government corporate franchise taxes. (Ex. 66 at 1, 3-4). OPI’s address and/or phone number as they appear in the payment instructions in PWOS’s Renewal and Taxes Notice match those listed on other documents of POLS and other entities that appear to be connected with POLS, including POLS’s Immigration Order Form,<sup>21</sup> Panama Title & Escrow’s Check Deposit Notification Form,<sup>22</sup> Panama Title & Escrow’s previously available Escrow Disbursement Authorization form,<sup>23</sup> and Panama Mortgage Broker’s FAQs. (Exs. 42-45).

61. The IRS received data related to OPI pursuant to a John Doe summons for the U.S. correspondent accounts of Wegelin & Co., a Swiss bank. *See In re Tax Liabs. of John Does*, No. 1:13-mc-00021-P1 (S.D.N.Y. Jan. 29, 2013). That data showed OPI was the

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<sup>21</sup> I located this document at [http://www.panama-offshore-services.com/forms/POS-Order-Form-Immigration-1.1\(May2013\).pdf](http://www.panama-offshore-services.com/forms/POS-Order-Form-Immigration-1.1(May2013).pdf) (last visited May 2, 2021) [<https://perma.cc/SXN8-RKEC>].

<sup>22</sup> I located this document at <http://www.panamatitle.com/forms/check-deposit-form.pdf> (last visited Oct. 7, 2019; the link is no longer active).

<sup>23</sup> As of July 30, 2017, Exhibit 44a was located at the web address <http://www.panamatitle.com/PT&EDisbursement-Form.pdf>. As of October 7, 2019, this link, which is now no longer active, was for a Panama Title & Escrow Transaction Disbursement Authorization form, attached hereto as Exhibit 44b, that listed the same street address and phone number previously listed for POLS. (Exs. 4a at 2-3; 44b). POLS has since changed addresses. (Ex. 4e at 7).

beneficiary of a wire transfer of \$140 in 2008 for “legal services to Pretoria Investments and Shipping S.A.,” which is a Panamanian company. According to O’Huiginn’s database, POLS serves as the registered agent for Pretoria Investments and Shipping S.A. (Ex. 46).

62. Information available to the IRS from other sources shows OPI’s connection to banks to which the IRS seeks to issue John Doe summonses in this matter. The IRS received data in connection with another John Doe summons case showing OPI received funds via the correspondent bank account of First Caribbean International Bank (“FCIB”) at Wells Fargo and, thus, Wells Fargo is a summoned party here. That John Doe summons included transactions from the U.S. correspondent accounts of FCIB, which is a foreign bank, with Wells Fargo.<sup>24</sup> *See In re Tax Liabs. of John Does*, No. 3:13-cv-01938-TEH (N.D. Cal. Apr. 29, 2013). That data showed OPI was the beneficiary of a total of five wire transfers in 2009, 2011, and 2012, which in each year totaled \$3,168, \$2,298, and \$5,320, respectively. The 2009 wire transfers, from persons in the Caribbean, were sent through FCIB’s correspondent account with Wells Fargo for deposit to OPI’s U.S. account at Harris Bank with an account number ending 3201. In addition, the 2012 wire transfer was routed through FCIB’s Wells Fargo correspondent account for deposit to OPI’s Panama account at Credicorp Bank S.A. (“Credicorp Bank”) with an account number ending 4632. These transactions show that OPI received funds into its Credicorp Bank account in Panama and into its Harris Bank account in the United States, and from transactions originating in the Caribbean, via FCIB’s correspondent account at Wells Fargo in the U.S.<sup>25</sup>

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<sup>24</sup> By contrast, the summons that the IRS seeks to issue to Wells Fargo in this case seeks records held by Wells Fargo as correspondent bank for Credicorp Bank SA and Banco General.

<sup>25</sup> As discussed further in paragraph 143 below, the IRS has additional evidence that Credicorp Bank has a correspondent banking relationship with Wells Fargo.

63. Additionally, the IRS received data from another John Doe summons case showing OPI received funds via the correspondent bank account of The Bank of N.T. Butterfield & Son Limited (“Butterfield Bank”) at HSBC Bank USA and, thus, HSBC Bank USA is a summoned party here. *See In Re: Tax Liabs. of John Does*, No. 1:13-mc-00377-P1 (S.D.N.Y. Nov. 12, 2013). That data showed OPI was the beneficiary of a wire transfer of \$700 in 2005, which was routed through HSBC Bank USA’s correspondent account with Credicorp Bank (account number ending 7490) in Panama to ultimately benefit OPI’s account with account number ending 4632. This information confirms OPI received funds into its Credicorp Bank account in Panama via transfers facilitated by Butterfield Bank through its U.S. correspondent account at HSBC Bank USA.<sup>26</sup>

64. Additionally, the Service is aware that OPI was paid for its services to U.S. persons via wire transfers and checks, which cleared through its Harris bank account in the United States. Information from other sources available to the Service indicates that OPI was the recipient of wire transfers from persons with a U.S. connection in the amounts of at least \$105,974, \$320,144, \$426,028, and \$255,020 in 2008, 2009, 2010, and 2011, respectively. A substantial number of wire originators were individuals located in the United States, and the wire instructions included memos such as “corporation package,” “legal fees for entities,” “renewal fees,” or “annual fees.” In addition, information available to the Service indicates that OPI wrote various checks to Mr. Chatlani and Mr. Hanna in 2008, 2009, 2010, and 2011, and the memo line on the checks state “commission” or “salary.” Further, information available to the IRS indicates

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<sup>26</sup> As discussed in paragraph 137 below, the IRS has evidence from additional sources demonstrating a correspondent banking relationship between Credicorp and HSBC.

that in 2007, OPI received a total of \$328,712 in wires and mail deposits from various individuals and businesses, and OPI occasionally wired funds to Mr. Hanna.

**C. Panama Title & Escrow**

65. Panama Title & Escrow, Inc. (“PTE”) advertised a variety of incorporation, real estate, and banking services to clients via its webpage, written in English. (Ex. 47).<sup>27</sup>

66. The IRS received data indicating several nominee directors or employees at POLS, as described in paragraph 52 above, are connected to PTE. This data was received pursuant to a John Doe summons for records pertaining to the Stanford Group Company (“Stanford”). *See In re Tax Liabs. of John Does*, No. 3:09-CV-02290-N (N.D. Tex. Feb. 8, 2010). The data included Panamanian incorporation documents (in Spanish) for PTE dated July 26, 2002, listing Eradio Harmodio Diaz Ureña as President, Ms. Moran as Director, and Ms. Ojo as Secretary. On November 9, 2005, PTE filed with the Panamanian Public Registry an amendment to the incorporation documents listing Mr. Hanna as Director/Secretary/Treasurer, Mr. Chatlani as Director/President, and Ms. Moran as Director. The documents also list POLS as the minute approver. On August 12, 2011, PTE filed an additional amendment to its incorporation documents accepting all the previous directors’ resignations and naming Mr. Chatlani as Director/President, Mr. Samudio as Director/Secretary, and Ms. Mojica De Quintero as Director/Treasurer.

67. Documents produced pursuant to the Stanford John Doe Summons include PTE’s Stanford bank application and due diligence report. Those documents list Mr. Chatlani as the

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<sup>27</sup> This website is no longer accessible. The last time I reviewed this site was on September 21, 2018.

general manager and Jon Hanna as manager of PTE and identify both individuals as account holders with signature authority on the account. In addition, the contact information listed on the application and report for PTE matches that of POLS. The individual due diligence report for Mr. Chatlani lists his occupation as an attorney for POLS for over three years. The individual due diligence report for Mr. Hanna lists his occupation as an attorney for POLS for over three years. PTE's bank application and due diligence report list Mr. Hanna and Mr. Chatlani as equal partners of PTE.

68. The contact information on PTE's website further shows PTE's ties to POLS. PTE directs customers submitting payments to it by mail to send such payment to its address at PTY 196, P.O. Box 025724, Miami, FL 33102, an address that is also listed on PTE's "Contact Us" webpage. (Exs. 48 at 3; 50). POLS's U.S.-based address for non-urgent documents is PTY 4707, P.O. Box 025724, Miami, FL 33102—the same as PTE's address except for the PTY number, which, as described above, simply indicates the city and store where the customer applied for the post office box. (Ex. 4b at 2). Also, PTE directs customers to submit payments sent via courier services to its address at IPASA Building, 3<sup>rd</sup> Floor, 41 Street Off Balboa Avenue, Panama City, Panama, the same address formerly used by POLS. (Exs. 4a at 3; 48 at 3). This same address is listed on PTE's instruction forms for wire transfers. (Exs. 49a; 49b).

69. Additional information available to the Service confirms that PTE is connected with the POLS Group. That information includes checks written on OPI's U.S. account transferring funds to PTE's Panamanian bank accounts at three different banks, including Credicorp, in the amounts of \$15,910 and \$117,967 for 2010 and 2011, respectively.

70. Multiple sources show that PTE uses courier and wire transfer services for its business. PTE's "Deposit Instructions" webpage directs customers to submit payment for its services via FedEx, DHL, UPS, and TNT. (Ex. 48 at 3). PTE's previously available "Wire Instructions" webpage<sup>28</sup> directs customers to deposit funds in escrow via wire transfer through HSBC Bank USA's correspondent account for Credicorp Bank in Panama to PTE's account with account number ending 3847. (Exs. 49a; 49b). Information available to the IRS indicates that PTE had known wire and check activity to and/or from persons with a U.S. connection in the amounts of at least \$961,435, \$59,000, \$76,345, \$178,910, \$9,975, \$6,000, and \$53,862 for 2003, 2005, 2006, 2007, 2008, 2010, and 2013, respectively.

71. Additionally, information available to the Service shows PTE's connection to banks to which the IRS seeks to issue John Doe summonses in this matter. Information received pursuant to the Butterfield Bank John Doe Summons, discussed in paragraph 63 above, shows that PTE used HSBC Bank USA's correspondent account with Credicorp Bank in Panama to send wire transfers to PTE's account number ending 3847. Those transactions reflect that PTE was the beneficiary of five wire transfers in 2004, 2005, and 2006, which in each year totaled \$9,000, \$80,466, and \$555,500, respectively. This information confirms that PTE received funds into its Credicorp Bank account in Panama, via transfers facilitated by Butterfield Bank (another foreign bank) through its U.S. correspondent account at HSBC Bank USA.<sup>29</sup>

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<sup>28</sup> As of November 1, 2019, Exhibit 49b was located at the web address [www.panamatitle.com/PT&EWire-instructions.pdf](http://www.panamatitle.com/PT&EWire-instructions.pdf). I also visited this webpage in 2015 and on September 24, 2018. The form previously available at that link is attached as Exhibit 49a.

<sup>29</sup> As discussed in paragraph 137 below, the IRS has evidence from additional sources demonstrating a correspondent banking relationship between Credicorp and HSBC.

72. PTE's "Fee Schedule" webpage lists PTE's fees for various services, including "legal fees" for a "Panama Corporation Package," "Panama Foundation Package," and "Complete Offshore Structure Package." (Ex. 51 at 2).

**D. Panama Wholesale Offshore Services**

73. According to PWOS's webpage, which was written in English and was active at least through November 15, 2017, PWOS offered a "wide range of sophisticated legal and offshore financial services designed to provide prudent, conservative, onshore investors access to the international markets through the use of tax efficient and secure offshore financial structures."<sup>30</sup> (Ex. 52). PWOS's website also contained a "Contact Us" page and an "Offshore Investments" page. (Exs. 53; 54). PWOS's webpage listed the same phone numbers and email address as POLS, as well as the U.S. courier address of P.O. Box 025724, Miami, FL 33102, which is also used by POLS (except that PWOS uses PTY 196, whereas POLS uses PTY 4707). (Exs. 4b; 52 at 2-3; 53 at 1; 54). Information available to the IRS indicates that PTY 196 is also used by OPI. *See supra* ¶ 60. As discussed above, PTY is the identifier for Panama, and the subsequent numbers identify the city and store where the customer applied for the post office box. *See supra* ¶ 44.

74. PWOS's "Fee Schedule" webpage detailed its services and fees, which were substantially similar to those of POLS. (Ex. 55). For example, both POLS and PWOS offered a New Panama Corporation Package for \$1,300, and "Financial Account opening assistance

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<sup>30</sup> This website is no longer accessible. The last time I reviewed this site was on November 15, 2017.

through any of our recommended financial institutions” for \$500-\$700. (Exs. 40 at 1, 6; 55 at 1, 2).

75. PWOS’s webpage entitled “Why Panama?” touted the privacy laws of Panama. (Ex. 56).

76. PWOS’s webpage entitled “Why go offshore?” listed reasons for establishing offshore arrangements and emphasized “Confidentiality & Privacy” as a reason to “go offshore.” (Ex. 57 at 1). It also quoted two purported U.S. clients about their use of offshore arrangements to conceal their ownership of assets and to minimize their taxes. (Ex. 57 at 1, 4).

77. PWOS also maintained a webpage emphasizing offshore estate planning, stating, “Because a corporation has a life of its own, a carefully designed corporate strategy allows you to care for your loved ones free from probate, inheritance taxes, and other legal and tax problems.” (Ex. 58 at 1). This webpage also included a “USA” client testimonial.

78. PWOS maintained an additional webpage stating that it offered “everything you need to operate your Panama Corporation or Foundation[,] . . . 100% anonymity, privacy and confidentiality[, and] [t]he ability to protect your assets, minimize taxes, and eliminate reporting requirements.” (Ex. 59). Contrary to the statements on PWOS’s webpage, owners of foreign corporations are generally required to report their ownership to the IRS, and persons with ownership or control over foreign financial accounts are generally required to report that ownership or control to the U.S. Treasury.

79. I compared PWOS’s corporation (Exs. 60-66), foundation (Exs. 67-71), corporate accounts (Ex. 72a-72g), personal accounts (Ex. 73a-73f), merchant accounts (Ex. 74), and mail

forwarding services (Ex. 75) to POLS's services (Exs. 13-14, 21-34), and determined that they were the same or substantially similar.

80. As discussed above in paragraph 60, PWOS's "Renewal and Taxes Notice" webpage (which listed POLS's name and address under the notice heading) outlined specific instructions for payment options via wire transfer, Western Union, and checks. (Ex. 66). The instructions on the webpage demonstrate PWOS's use of these payment services, as well as PWOS's ties to HSBC Bank USA and to other POLS Group associates. Payments made by wire transfer could be routed through HSBC Bank USA's correspondent account with Credicorp Bank (account number ending 7490) in Panama to ultimately benefit OPI's Credicorp Bank account number ending 4632. (Ex. 66 at 3). PTE, another POLS Group associate, has facilitated wires through the same HSBC Bank USA correspondent bank account with Credicorp Bank (account number ending 7490) in Panama. (Ex. 49a). The PWOS webpage further stated that payments made by wire through Western Union would be routed to OPI in Panama. (Ex. 66 at 3-4). The webpage specified that payments should be made by certified or official bank checks in U.S. dollars, or by international money orders, payable to OPI. (Ex. 66 at 4). The webpage also directed customers to send courier packages and Western Union payments to Sun Towers, 1<sup>st</sup> floor, Office #39, Ave. Ricardo J. Alfaro, Panama City, Panama – which was also listed as POLS's address at the beginning of the "Renewal and Taxes Notice" at the top of the webpage. (Ex. 66 at 1, 3-4).

81. PWOS's offshore structure package services shipped documents to customers via FedEx, DHL, UPS, or TNT. (Ex. 65 at 4). PWOS's mail forwarding services allowed clients' mail to be sent to a post office box and physical address in Panama or Miami, Florida. (Ex. 75).

It is the Service's experience that persons evading U.S. taxes often use mail forwarding services and post office boxes in foreign countries to keep evidence of their foreign assets outside the United States or at a location difficult for the Service to discover.

**E. Panama Corporation**

82. Panama Corporation ("PC"), another entity that appears to be connected with POLS, provided services to customers interested in establishing anonymous corporations in Panama. PC maintained a website written in English advertising these services at least through September 15, 2017.<sup>31</sup> (Ex. 76).

83. PC's "Panama Corporation Facts" webpage provided information that is substantially similar to that on POLS's "Panama Corporation Facts & Benefits" webpage. (Exs. 15; 77). For example, both webpages identify as a benefit of incorporating in Panama "Anonymous Ownership," which is accomplished via bearer shares or nominee share certificates. Both webpages describe the same seven steps to form a Panamanian Corporation. (Exs. 22; 78). The verbiage and pricing for the PC "Exclusive Panama Corporation Offer" is substantially similar to that of POLS's "Panama Corporation Package." (Ex. 23; 80). Based on my experience visiting PC's website, the "Order Now" hyperlinks on each PC webpage routed potential customers to POLS's "Order Now" webpage. (Ex. 41). Additionally, the "Contact Us" hyperlinks on PC's website routed potential customers to POLS's "Contact Us" webpage. (Ex. 4a).

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<sup>31</sup> This website is no longer accessible. The last time I reviewed this site was on September 15, 2017.

84. PC advertised that it set up corporate bank accounts in Belize (Ex. 81), Switzerland (Ex. 82), and St. Vincent (Ex. 83). Similarly, POLS offers assistance with creating offshore accounts in Belize, Switzerland, and St. Vincent on its “Offshore Bank Accounts” webpage. (Ex. 33 at 2). It is the IRS’s experience that U.S. persons form entities in these jurisdictions for asset protection, confidentiality, privacy, and/or tax savings.

**F. Belize Corporations**

85. Belize Corporations (“BC”), another entity that appears to be connected with POLS, maintained a webpage at least through September 18, 2017, written in English, promoting the ease of establishing offshore accounts.<sup>32</sup> (Ex. 84).

86. BC’s webpages are substantially similar to POLS’s webpages. The physical address on BC’s homepage matches that formerly used by POLS: IPASA Building, 3<sup>rd</sup> Floor, Panama City, Panama. (Exs. 4a at 3; 84 at 2). BC and POLS use the same telephone number ((507) 227-6645), fax number ((507) 227-7485), toll free voicemail/fax number in the United States (1-800-716-3452), email address (posinc@hushmail.com), and Skype contact name (polspanama). (Exs. 4a at 2; 4b; 84 at 2). Additionally, BC’s website had POLS’s logo under the “Partners” section at the bottom of each page, which, based on my experience visiting this webpage, hyperlinked to POLS’s homepage. (Ex. 84). BC’s website had four embedded webpages explaining the advantages of corporations formed in Belize, in addition to legal and formation requirements. BC’s website information was substantially similar to information on POLS’s “Belize Offshore Corporation” webpage. (Exs. 35; 85). BC’s and POLS’s websites claimed that advantages of Belize offshore companies include (1) tax-free income, irrespective

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<sup>32</sup> This website is no longer accessible. I last reviewed this site on September 18, 2017.

of where the income is earned, and (2) “guaranteed” privacy, due to the lack of public records of the names of directors and shareholders. (Exs. 35 at 1; 85).

**G. Panama Mortgage Brokers**

87. Panama Mortgage Brokers (“PMB”) incorporated with the Public Registry of Panama on August 5, 2005, listing POLS as its registered agent. I learned this information from incorporation documents written in Spanish filed with the Panama Public Registry. PMB maintained a webpage at least through October 15, 2017, written in English, offering specialized real estate and mortgage processing services in Panama.<sup>33</sup> (Exhibit 86). PMB also maintained webpages entitled “Why Us?” and “Why Panama?” (Exs. 87; 88).

88. It is the Service’s experience that U.S. persons who claim to be “removed” from foreign assets or entities sometimes retain control over such assets or entities through a side agreement with a corporate-service provider. One type of side agreement is a loan or mortgage wherein the U.S. person fabricates a property sale to a foreign entity the person controls, purporting to make a loan of the purchase price at the same time, and the debt is repaid to the person from the person’s hidden offshore funds. The taxpayer’s receipt of offshore payments appear to be tax free because receipt of loan principal payments are not taxable income. Thus, taxpayers may repatriate their offshore funds in an apparent tax-free scheme. Additionally, a taxpayer appearing to sell property to an offshore entity puts title to the property in the name of the foreign entity and the property’s future earnings offshore. These loan arrangements create the appearance of a legitimate transaction when, in reality, the U.S. person is the true and direct beneficial owner of the asset or entity and retains control over the assets.

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<sup>33</sup> This website is no longer accessible. I last reviewed this site on October 15, 2017.

89. PMB's physical and postal addresses, phone numbers, and fax numbers on its website were the same as POLS's (though, like OPI, PTE, and PWOS, PMB used PTY 196 for its post office box address in Miami). (Exs. 4a; 89).

90. PMB listed FedEx, DHL, UPS, and TNT as couriers for shipments to PMB's physical address in Panama. (Ex. 89). PMB stated on its "Our Payment Options" webpage that it accepted payment via wire transfer, Western Union, E-gold, credit card, USD cash, or USD check. (Ex. 90).

#### **H. Panama Real Estate Group**

91. Panama Real Estate Group ("PREG")<sup>34</sup> offered English-speaking Panamanian real estate brokers to assist in a variety of real estate transactions, including sales, title searches, the transfer of titles to Panamanian realty, formation of Panamanian corporations, and the establishment of personal or corporate bank accounts in Panama via its webpage, written in English. (Ex. 91). PREG's homepage included a picture of Mr. Hanna and his partners. (Ex. 91).

92. On July 26, 2004, PREG filed incorporation documents with the Panamanian Public Registry naming Mr. Chatlani, Mr. Hanna, and Ms. Ojo as directors, and POLS as registered agent. In addition, Mr. Chatlani was named president, and Mr. Hanna was named secretary and treasurer. I have reviewed those documents, which are written in Spanish. According to subsequent incorporation documents, also in Spanish, on August 16, 2011, Mr. Hanna resigned, and PREG appointed Mr. Samudio as director and secretary. Information

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<sup>34</sup> PREG maintained a webpage at [www.panama-real-estate.com](http://www.panama-real-estate.com). The last time I reviewed PREG's site was October 24, 2017. This web domain now appears to be used by a different entity.

available to the Service from other sources indicates that checks totaling at least \$17,500 were paid in 2008 from OPI, a POLS Group associate, to PREG, of which \$7,500 was paid by check with a memo line stating “salary Jon Hanna.” In addition, OPI paid commissions of at least \$1,939 to PREG in 2009.

93. PREG’s “Contact Info” webpage, (Ex. 92),<sup>35</sup> reflected an address on the same street where POLS formerly had an office, at Calle 41 Este, Panama City, Republic of Panama, as well as the same telephone number as POLS, (507) 227-6645, (Ex. 4a). PREG also maintained another webpage promoting its services (Ex. 93).

**I. Panama Tax Advisors**

94. Panama Tax Advisors (“PTA”) advertised on several webpages written in English that it specialized in tax, accounting, financial advisory, and consulting services.<sup>36</sup> (Exs. 94-98). On March 31, 2007, PTA filed incorporation documents, which are written in Spanish, with the Panama Public Registry, with POLS as its registered agent. According to its webpage, PTA later “joined forces” with POLS. (Ex. 94). PTA’s homepage included hyperlinks to POLS, PMB, PTE, and PREG. (Ex. 94). The address of IPASA Building, 3<sup>rd</sup> Floor, 41st Street off Balboa Avenue, Panama City, Panama,<sup>37</sup> telephone number of (507) 227-6645, and facsimile number of (507) 227-7485 listed on PTA’s “Contact Info” webpage were the same as those of POLS. (Exs. 4a; 95).

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<sup>35</sup> I last visited this page, which is no longer available, on August 17, 2016.

<sup>36</sup> This website is no longer accessible. I last reviewed this page on July 27, 2017.

<sup>37</sup> This version of PTA’s address is the English translation of POLS’s address of Calle 41 Este, IPASA Building, 3<sup>rd</sup> Floor, Panama City, Panama.

95. Evidence indicates that PTA assisted U.S. persons with concealing their ownership of offshore accounts. PTA's "Account Signatory Services" webpage stated, "For those clients that prefer to remain 100% anonymous without revealing their personal names, what we recommend as the most reliable asset protection and tax efficiency scenario is the Account Signatory Services (Opening & Management)," pursuant to which PTA would provide a nominee director to serve as the signatory for the client's corporate account. (Ex. 98 at 1). It is the Service's experience that service providers that facilitate anonymous structures and accounts do so to assist U.S. persons in avoiding U.S. tax and reporting requirements.

**J. Panama Foundation**

96. "Panama Foundation" ("PF") is the title of a website written in English that appears to be connected with POLS, which promoted using Panama foundations for "international estate planning" because they "provide[] upmost privacy, anonymous ownership, and protect[] the beneficiaries and assets."<sup>38</sup> (Ex. 99 at 1). PF's former webpages are attached as Exhibits 99 through 102. PF's homepage listed under "Call Now" a telephone number also used by POLS: (800) 716-3452.<sup>39</sup> (Exs. 4a at 2; 4b at 1; 99 at 1). Based on my experience reviewing PF's webpages, PF's "Contact Us" link routed users to POLS's "Contact Us" webpage.

97. PF's and POLS's webpages on offshore foundations are substantially similar or, in some cases, identical. (Exs. 29-30; 101-102).

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<sup>38</sup> This website is no longer accessible. I last reviewed this site on September 18, 2017.

<sup>39</sup> Based on my experience reviewing PF's website, this telephone number was listed on PF's website, though it does not appear on the printed exhibits.

98. In the Service's experience, U.S. persons who use offshore foundations often fail to report them and the foundation's bank accounts.

**K. Panama Offshore Services International Inc.**

99. Panama Offshore Services International, Inc. ("POSI") is "the offshore consulting division of [POLS]," according to Netcheck, a global commerce bureau company that identifies itself as a first alternative to the Better Business Bureau. (Ex. 103). POSI is "a dynamic and growing legal services company providing professional services to foreigners in Panama," according to the website [www.panama-guide.com](http://www.panama-guide.com). (Ex. 104 at 1). According to incorporation documents written in Spanish that I reviewed, POSI was incorporated with the Panama Public Registry on January 4, 2002, listing POLS as its registered agent. Netcheck lists Mr. Hanna as POSI's "contact person," as well as an address of Ave. Ricardo J. Alfaro, Sun Tower #39, Panama City, Panama, and email address of [info@pos-inc.com](mailto:info@pos-inc.com), which are identical to those listed on POLS's Immigration Order Form. (Exs. 42; 103). The phone number listed for POSI ((507) 236-8303) is identical to that provided for OPI in the Western Union payment instructions provided in the "Renewal and Taxes Notice" on PWOS's website. (Exs. 66; 103).

100. Through internet research, I identified several POSI documents. One document, titled "Entity & Property Order Form," is written in English and solicits information from POSI clients to be used in the formation of an entity for the client. (Ex. 105).<sup>40</sup> The form states that the agreement to form the entity is with the "Firm," which is defined as POLS, POSI, PTE and

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<sup>40</sup> I located this document at <http://www.panamatitle.com/forms/property-transaction-form.pdf>. This page is no longer accessible.

their affiliates. (Ex. 105 at 7). Another document I located is POSI's "Order Form (detailed),"<sup>41</sup> which is also written in English and contains similar fields to the "Entity & Property Order Form." (Ex. 106). The Order Form (detailed) includes an "Incorporation and Administration Agreement" that refers to POLS, POSI, and their affiliates as the "Firm." (Ex. 106 at 8).

**L. Panama Surf Tours**

101. Panama Surf Tours ("PST") offered surf tours as well as real estate services in Panama via its website, written in English, at least through November 21, 2017. (Exs. 107-108).<sup>42</sup> PST's website identified Mr. Hanna as the "owner/president" of PST. (Ex. 107 at 2). POSI, another POLS Group associate, provided legal services for PST. (Ex. 108 at 2). PST's website lists the same email, telephone number, and mailing address as POLS. (Exs. 4a; 4b; 108 at 3). Based on my experience visiting the site, PST's webpage titled "Why Panama?" linked to a webpage titled "Panama Bank Account" that contained an article authored by POSI describing POLS's services in setting up Panamanian bank accounts and entities, and the benefits of having a bank or brokerage account in Panama and owning a Panamanian entity. (Ex. 108).

102. Additionally, the "Panama Bank Account" webpage contained a section titled "Why we don't recommend trusts," which stated that "many people have moved away from using Trusts for sheltering their assets due to recent laws in many countries (including the USA, Canada, and UK) involving harsh reporting requirements on foreign trusts." (Ex. 108 at 2). Instead, the webpage advocated for the use of a Panama foundation, which it described as a hybrid between a corporation and a trust. U.S. tax law requires persons who maintain

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<sup>41</sup> This website is no longer accessible. I last reviewed this site on November 21, 2017.

<sup>42</sup> This website is no longer accessible. I last reviewed this site on November 21, 2017.

relationships with foreign trusts to report those relationships in certain circumstances. It is the Service's experience that persons seeking to evade these requirements in order to conceal income often use foreign foundations.

**M. Panama Immigration Services**

103. Panama Immigration Services ("PIS"), an entity that appears connected to POLS, offered Panamanian immigration services to individuals interested in obtaining a variety of visas or residency via its website, which was written in English.<sup>43</sup> (Ex. 109). The phone number and Panama P.O. box on PIS's homepage were the same as those of POLS. (Exs. 4a at 4; 109). Based on my experience visiting the website, information on PIS's homepage and within its embedded links was the same information contained on POLS's webpage on Immigration and Panama Residency Visas. (Ex. 110). Additionally, PIS's "Why Panama" webpage had language similar or identical to that of POLS's webpage on "Why Panama?" (Exs. 111; 112). Both POLS's and PIS's webpages touted the alleged convenience to U.S. persons in obtaining visas to work or live in Panama, that Panama's circulating currency is the U.S. dollar, that Panama offers the "most favorable and most flexible incorporation laws available in the world," and the secrecy of owning Panamanian bank accounts and entities, including the ability to use bearer shares. (Exs. 111; 112).

104. PIS's "The Process for Applying for Panama Residency" webpage identified the steps to obtaining residency and stated, "The applicant does not have to reside in Panama during this time period in order to qualify as a permanent resident or a naturalized citizen. However, a short trip to Panama will be necessary in order to process the Temporary Resident Permit, the

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<sup>43</sup> This website is no longer available. I last reviewed this site on March 25, 2018.

Permanent Residency Permit, and to become a naturalized citizen and to apply for a Panama passport.” (Ex. 113 at 2). Generally, U.S. citizens are subject to U.S. taxes on income regardless of where that income is earned. Based on my experience, I know that some U.S. persons obtain permanent residency status in other countries and then assert that they are no longer subject to U.S. taxation, notwithstanding that they have not complied with the formal U.S. expatriation rules. For example, to avoid U.S. withholding and reporting, some individuals may obtain bank accounts with their foreign residency documentation and not disclose to the financial institution that they are U.S. persons. In other cases, U.S. persons do formally expatriate, but do not file all the required tax documentation, or they remain in the United States after expatriating and gaining citizenship in another country, and thus remain subject to U.S. taxation.

**IV. Tax Non-Compliance by POLS Group Clients**

105. As stated above, since 2000, the Service has conducted thousands of examinations in cases developed through John Doe summonses issued as part of its Offshore Compliance Initiatives Program. Those examinations (specifically, those involving corporate service providers, like POLS) showed U.S. persons sought to evade U.S. tax by denying their ownership or control of foreign assets or entities that they controlled via means such as a side agreement with the corporate service provider.

106. The Voluntary Disclosure Practice is a longstanding practice of the Service’s Criminal Investigation Division (“IRS CI”) and takes timely, accurate, and complete voluntary disclosures into account when IRS CI is deciding whether to recommend criminal prosecution of a taxpayer to the U.S. Department of Justice. It enables noncompliant taxpayers to resolve their tax liabilities and to minimize their chances of criminal prosecution. The Voluntary Disclosure

Practice requires participating taxpayers to cooperate with the Service in the determination of their correct liability for tax and penalties but does not specify any particular terms for resolution of tax and penalties.

107. On March 23, 2009, the Service announced a voluntary disclosure program designed to bring into compliance with U.S. tax laws taxpayers that used undisclosed foreign accounts or undisclosed foreign entities as a mechanism to avoid or evade tax. Under this program, taxpayers making voluntary disclosures of offshore non-compliance who qualified for IRS CI's voluntary disclosure practice could also settle their civil liabilities under fixed terms. This program, known as the 2009 Offshore Voluntary Disclosure Program ("2009 OVDP"), ran from March 23, 2009, through October 15, 2009, and covered tax years 2003 through 2008. By entering into and qualifying for the 2009 OVDP, taxpayers were required to file all original and amended returns and pay all taxes, interest, and predetermined penalties, including a twenty percent miscellaneous penalty.

108. After the 2009 OVDP closed, the Service opened a second offshore disclosure initiative known as the 2011 Offshore Voluntary Disclosure Initiative ("2011 OVDI"). The 2011 OVDI ran from February 8, 2011, through September 9, 2011, and covered tax years 2003 through 2010. The objective of the 2011 OVDI was the same as the 2009 OVDP; however, the penalty framework changed and the miscellaneous penalty rate increased from twenty percent to twenty-five percent.

109. On the heels of strong interest in both the 2009 OVDP and 2011 OVDI, the Service began an open-ended offshore voluntary disclosure program in January 2012 ("2012 OVDP"). The 2012 OVDP had a higher penalty rate than the 2011 OVDI, but still offered

benefits to encourage taxpayers to disclose foreign accounts. In June 2014, the Service announced modifications to the 2012 OVDP, which included expanded streamlined procedures and changes to the OVDP. This modified version of the 2012 OVDP, now referred to as the 2014 OVDP, became effective July 1, 2014, and was available to taxpayers until September 28, 2018. On November 20, 2018, the Service issued a memorandum updating the voluntary disclosure practice to address the process for all voluntary disclosures, offshore and domestic, following the closing of the 2014 OVDP. The new procedures are effective for all disclosures received after September 28, 2018.

110. U.S. taxpayers who participated in the IRS's offshore voluntary disclosure programs have disclosed nearly 700 accounts held with Panamanian financial institutions. In connection with the 2009 OVDP, there were at least 51 voluntary disclosure submissions in which 64 taxpayers disclosed at least 183 Panamanian accounts held at 33 Panamanian financial institutions. In connection with the 2011 OVDP and 2012 OVDP, there were at least 79 voluntary disclosure submissions in which 85 taxpayers disclosed at least 509 Panamanian accounts held at 42 Panamanian financial institutions. During these disclosure periods, in total, these 692 Panamanian accounts were held in at least 55 different Panamanian financial institutions. The number of taxpayers disclosing accounts is greater than the actual number of submissions because one voluntary disclosure submission could include multiple taxpayer names.

111. Evidence obtained through the voluntary disclosure programs indicates that U.S. taxpayers are using the POLS Group to avoid U.S. taxes. By searching the IRS OVDP databases, I identified a U.S. taxpayer ("Taxpayer-1") who acknowledged using POLS's services

to set up an undeclared account and entity structure. Taxpayer-1 is a U.S. person who in 2004 formed an offshore entity in Panama, and filed documents listing President Services International, Inc., as the entity filer and POLS as its resident agent. Also, in 2004, Taxpayer-1 established an offshore bank account in Panama, of which Taxpayer-1 was the beneficial owner and sole signatory. Taxpayer-1 failed to report offshore income and the existence of the offshore account and entity.

112. By searching public records, I learned that in 2010, eight promoters of a fraudulent tax and debt elimination scheme with a connection to OPI were convicted of tax, wire fraud, and money laundering charges, and two others pleaded guilty. *United States v. Hirmer, et al.*, No. 3:08-cr-00079-MCR (N.D. Fla. 2010), Dkt. Nos. 203, 282, 1152-1168; <https://www.justice.gov/opa/pr/eight-promoters-sham-tax-elimination-scheme-convicted-tax-fraud-charges-florida> [<https://perma.cc/4C6A-Y5AU>]. The trial transcript revealed that the defendants were part of a nationwide tax defier movement that promoted the use of onshore limited liability companies, offshore trusts, and foreign bank accounts to evade federal income taxes. Two defendants were accused of operating an entity that sold materials and services to create a complex system of domestic and offshore entities, which were used to conceal assets and income. During the trial, an undercover government agent who investigated the case testified that when she wrote a check to a vendor for an offshore setup she was told to leave the identity of the “payee” blank. After the check was negotiated and returned, she saw someone had written the “payee” as OPI.

113. One of the Hirmer defendants who pleaded guilty, and agreed to cooperate with the government, testified at trial that POSI was an offshore partner of POLS that set up foreign

entities, such as private interest foundations and international business corporations (“IBCs”). That witness also testified that POLS provided a nominee who set up entities and whose name would appear in Panama registries in place of the client names of a vendor called Sorce, a company that set up offshore foundations. Some of the named nominees provided by POLS were Ms. Moran and Gabriel Samaniego, who acted on behalf of President Services International Inc., Secretary Services International Inc., and Treasurer Services International Inc. According to the witness, Mr. Hanna directed Ms. Moran to be a nominee in order to protect the client’s identity in Panama. The witness testified that POLS acted as the resident agent for all of Sorce’s clients. In addition, POLS advised one of the clients not to have anyone in the United States named in the IBC records in Panama. Lastly, an employee of Sorce testified that he found POSI via a Google search, which led to the beginning of a business relationship between Sorce and POSI.

**V. The Service’s Investigation and the John Doe Summonses**

114. The Service is now investigating U.S. taxpayers who used the services of the POLS Group to establish, maintain, operate, or control: any foreign financial account or other asset; any foreign corporation, company, trust, foundation, or other legal entity; or any foreign or domestic financial account or other asset in the name of such foreign entity. To facilitate this investigation, the Service is seeking the Court’s permission to serve, pursuant to 26 U.S.C. §§ 7602 and 7609(f), “John Doe” summonses to ten entities: (1) FedEx Corp.; (2) FedEx Ground, (3) DHL; (4) UPS; (5) Federal Reserve NY; (6) Clearing House; (7) HSBC Bank USA; (8) Bank of America; (9) Wells Fargo; and (10) Citibank. Copies of these proposed summonses are attached as Exhibits A, B, C, D, E, F, G, H, I, and J, respectively. Concurrently with the

filing of this petition, the Service is filing petitions in the District of Minnesota and the District of Colorado seeking leave to serve summonses on MoneyGram and Western Union, respectively.

**A. FedEx Corp., FedEx Ground, DHL, and UPS**

115. FedEx Corp. is an American global courier delivery services company headquartered in Memphis, Tennessee. It operates in more than 220 countries and territories.<sup>44</sup> FedEx Express “covers every U.S. street address.”<sup>45</sup> Based on information available to the Service, FedEx Corp. maintains records of items shipped via “express” service. FedEx Ground is a North American provider of small package ground delivery services headquartered in Pittsburgh, Pennsylvania.<sup>46</sup> “FedEx Ground provides low-cost, day-certain service to any business address in the U.S. and Canada, as well as residential delivery to 100% of all U.S. residences through its FedEx Home Delivery<sup>®</sup> Service.”<sup>47</sup> Based on information available to the Service, FedEx Ground maintains records of items shipped via “ground” service. FedEx Corp. and FedEx Ground have a shared store location at 10 Union Square E # 108, New York, New York 10003.<sup>48</sup>

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<sup>44</sup> *About FedEx, Corporate Fact Sheet*, FedEx, <https://www.fedex.com/en-us/about/company-structure.html#Corporate/> (last visited Feb. 25, 2021) [<https://perma.cc/5NSR-9Q72>].

<sup>45</sup> *About FedEx, Express Fact Sheet*, FedEx, <https://www.fedex.com/en-us/about/company-structure.html#Express> (last visited Feb. 25, 2021) [<https://perma.cc/9NN4-8SJN>].

<sup>46</sup> *About FedEx, Ground Fact Sheet*, FedEx, <https://www.fedex.com/en-us/about/company-structure.html#Ground> (last visited Feb. 25, 2021) [<https://perma.cc/P6SN-4A8V>].

<sup>47</sup> *Company Overview*, FedEx, <http://investors.fedex.com/company-overview/overview-of-services/default.aspx> (last visited Feb. 25, 2021) [<https://perma.cc/BE8X-S78D>].

<sup>48</sup> *Find FedEx Locations*, FedEx, <https://local.fedex.com/en-us/ny/new-york/office-4483/> (last visited Feb. 25, 2021) [<https://perma.cc/X7JP-T9US>].

116. In 2016, FedEx acquired TNT USA Inc. and TNT Express (Canada) Ltd. (collectively, “TNT”), global delivery companies that operate in approximately 200 countries. According to its 2015 annual report, TNT operates in the courier, express, and parcel markets and collects, transports, and delivers documents, parcels, and palletized freight on a day-definite or time-definite basis. The majority of TNT shipments are between businesses, but TNT also offers business-to-consumer services to select key customers. TNT operates express services within the Asia, Middle East, and Africa regions and provides intercontinental services mainly to and from Europe and the United States.<sup>49</sup> Based on information available to the Service, FedEx should have the records of TNT customers who were serviced during the summons period, the years 2013 through 2020.

117. DHL is a division of the German logistics company Deutsche Post DHL that provides international express mail services to over 220 countries and territories across the globe.<sup>50</sup> DHL is headquartered in Plantation, Florida,<sup>51</sup> and has an authorized service point located at 501 10<sup>th</sup> Ave., New York, New York 10018.<sup>52</sup> Based on information available to the Service, DHL maintains records of items shipped via ground and air “express” service.

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<sup>49</sup> TNT *Annual Report 2015* at 13, 16 (2015), <https://www.tnt.com/content/dam/corporate/pdfs/Archive/Quarterly%20reports/2016/AR2015/tnt-express-annual-report-2015.pdf> [<https://perma.cc/YG8V-QTCQ>].

<sup>50</sup> *About Us*, DHL, [http://www.dhl.com/en/about\\_us/company\\_portrait.html](http://www.dhl.com/en/about_us/company_portrait.html) (last visited Feb. 25, 2021).

<sup>51</sup> *Express Head Office*, DHL, [http://www.dhl-usa.com/en/country\\_profile/office\\_express.html](http://www.dhl-usa.com/en/country_profile/office_express.html) (last visited Feb. 25, 2021) [<https://perma.cc/T8ZA-BAM5>].

<sup>52</sup> *Find DHL Locations*, DHL, <https://locator.dhl.com/results?language=en&languageCountryCode=GB&resultUom=mi&light=n&countryCode=US&address=501+10th+Avenue,+New+York,+NY,+USA&capability=88,86,87> (last visited Feb. 25, 2021) [<https://perma.cc/MR5U-3LKZ>].

118. UPS is an American global package delivery company headquartered in Atlanta, Georgia.<sup>53</sup> UPS has a store located at 34 3rd Avenue, New York, New York 10003.<sup>54</sup> According to its website, UPS delivers 20 million packages and documents a day to 9 million customers in more than 220 countries and territories around the world.<sup>55</sup> UPS's primary business is the time-definite delivery of packages and documents worldwide.<sup>56</sup> Based on information available to the Service, UPS maintains records of items shipped via ground and air "express" service.

119. Based on its investigation, the Service is aware that each of the above package delivery companies enters information about all shipments worldwide on a shipping document form that captures the sender's/shipper's and receiver's/recipient's name, address, country (for international shipments), and phone number, and FedEx, DHL, UPS, or TNT account number, if one exists.

120. According to their websites, POLS and other POLS Group associates used FedEx, TNT, DHL, and/or UPS to ship documents to clients during the summons period. POLS's webpages contain numerous references to the use of courier services such as FedEx, TNT, DHL, and UPS to ship documents and payments between POLS and its customers. (Exs. 24 at 5; 31 at

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<sup>53</sup> *UPS Fact Sheet*, UPS Pressroom, <https://stories.ups.com/upsstories/us/en/about-us/global-presence/corporate-facts.html> (last visited Feb. 25, 2021) [<https://perma.cc/ND4X-GDS6>].

<sup>54</sup> *Find Locations*, UPS, <https://www.ups.com/dropoff> (last visited Feb. 25, 2021) [<https://perma.cc/5Q7N-4CQH>].

<sup>55</sup> *UPS Fact Sheet*, UPS Pressroom, [https://stories.ups.com/content/dam/upsstories/assets/fact-sheets/UPS\\_Fact\\_Sheet\\_2\\_23\\_21.pdf](https://stories.ups.com/content/dam/upsstories/assets/fact-sheets/UPS_Fact_Sheet_2_23_21.pdf) (last visited Feb. 25, 2021) [<https://perma.cc/PHL4-X8JR>].

<sup>56</sup> *International Shipping & Courier Services*, UPS, <https://www.ups.com/ca/en/shipping/international/services.page?> (last visited Feb. 25, 2021) [<https://perma.cc/DN2Q-SD8Z>].

6). PTE directs customers to use courier services such as FedEx, TNT, DHL, and UPS to submit payment for services. (Ex. 48 at 3). PWOS ships product and/or services documents to customers using FedEx, TNT, DHL, and UPS. (Ex. 65 at 4).

121. By conducting a search of the accounts of the POLS Group associates, FedEx, DHL, and UPS can retrieve data regarding shipping services associated with these accounts. They also have the ability to search their records based on the sender's or recipient's address and, therefore, should be able to identify instances in which their courier services were used to ship documents to and from a POLS Group associate where the address of either the shipper or receiver was in the United States. By obtaining from FedEx, DHL, UPS, and TNT the sender's/shipper's and receiver's/recipient's name, address, country (for international shipments), phone number, and account number, the IRS will be able to positively identify U.S. taxpayers who used the services of the POLS Group during the summons period.

**B. Federal Reserve NY**

122. Federal Reserve NY, headquartered at 33 Liberty Street, New York, New York 10045,<sup>57</sup> provides the Fedwire Funds Service ("Fedwire"), which is the electronic funds transfer system. The system handles both the message transfer traffic initiating financial transactions among financial institutions and their customers, and the actual movement of funds. Both U.S. and foreign banks can send and receive payments via Fedwire. Foreign banks that are Fedwire participants can send and receive payments directly via Fedwire using the SWIFT<sup>58</sup> international

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<sup>57</sup> *Contacts*, Federal Reserve Bank of New York, <https://www.newyorkfed.org/contacts> (last visited Feb. 25, 2021) [<https://perma.cc/6X68-GA86>].

<sup>58</sup> Swift Code is a standard format of Bank Identifier Codes (BIC) and is a unique identification code for a particular bank. These codes are used when transferring money between banks,

messaging service. Foreign banks that are not Fedwire participants can send or receive payments via U.S. banks or other foreign banks that are Fedwire participants.<sup>59</sup>

123. Originators of Fedwire funds transfers are required to submit information identifying, among other things, the originator and beneficiary and their banks, and may provide other information related to the purpose of the transfer, including names, addresses, and account numbers. Instruction fields may contain information relating to cross-border funds transfers where Fedwire handles the domestic segment.<sup>60</sup> Based on the Service's investigation, Fedwire is able to search its funds transfer data by field and can readily identify transactions in which POLS, POLS Group associates, or POLS Group employees (using names or addresses) were parties to the transfers.

124. According to their respective webpages, POLS, PTE, PWOS, PC, PMB, and POSI accept payment for their services by wire transfer. (Exs. 1 at 9; 22 at 3-4; 29 at 2; 41 at 9; 48 at 2; 66 at 3; 78 at 2, 79 at 3; 90; 106 at 7). Records of wire transfers sent between POLS Group associates and their U.S. clients, and those clients' names, addresses, and account numbers, will help the Service to positively identify U.S. taxpayers who may have used the POLS Group's services for setting up offshore entities or accounts to avoid paying U.S. taxes.

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particularly for international wire transfers. Banks also use the codes for exchanging other messages between them. *See* The Swift Codes, <https://www.thswiftcodes.com/> (last visited Feb. 25, 2021) [<https://perma.cc/5ZSY-DFV6>].

<sup>59</sup> Frances Coppola, *Fedwire: The US Dollar in International Payments*, <https://www.americanexpress.com/us/foreign-exchange/articles/fedwire-us-dollar-in-international-payments/> (last visited Feb. 25, 2021) [<https://perma.cc/39Y2-JTL2>].

<sup>60</sup> Gina Russo, *Fedwire® Funds Service International Wires Webinar* (Dec. 19, 2017), <https://www.frbervices.org/assets/resources/resource-centers/121917-international-wire-webinar.pdf> (last visited Feb. 25, 2021) [<https://perma.cc/4ANY-4SG6>].

Although the Service is also seeking electronic funds transfer records via summonses to certain U.S. banks relating to correspondent accounts maintained by the Panamanian banks that the Service knows are used by the POLS Group, as described below, the summons relating to Fedwire with respect to transfers to or from a POLS Group associate (including identified POLS Group officers, employees, or agents) is expected to produce information about wire transfers to and from other banks used by POLS Group associates that are not already known to the Service.

**C. Clearing House**

125. Clearing House, a trade group headquartered at 1114 Avenue of the Americas, 17<sup>th</sup> Floor, New York, New York 10036,<sup>61</sup> operates the Clearing House Interbank Payments System, also known as “CHIPS,” which is the main electronic funds transfer system for processing international U.S. dollar funds transfers made among international banks. The system handles a high percentage of all U.S. dollar funds transfers moving between countries around the world.<sup>62</sup> CHIPS and Fedwire are separate services, and any given wire transfer may go through one service but not the other, so the wire information contained in CHIPS and Fedwire will not be the same. Based on the Service’s investigation, similar to Fedwire, CHIPS captures data regarding originators and beneficiaries, as well as information contained in the instruction or reference fields of a wire transfer. CHIPS is able to produce records pertaining to wire transfers processed through its system.

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<sup>61</sup> *Terms and Conditions*, The Clearing House, <https://www.theclearinghouse.org/terms-and-conditions> (last visited Feb. 25, 2021) [<https://perma.cc/Y4GN-UMD8>].

<sup>62</sup> Clearing House Interbank Payments System, *Public Disclosure of Legal, Governance, Risk Management, and Operating Framework* at 4 (June 2018), <https://www.theclearinghouse.org/-/media/new/tch/documents/payment-systems/chips-public-disclosure-2018.pdf> [<https://perma.cc/KVQ4-GY6R>].

126. According to their respective webpages, POLS, PTE, PWOS, PC, PMB, and POSI accept payment for their services by wire transfer. (Exs. 1 at 9; 22 at 3; 29 at 2; 41 at 9; 48 at 2; 66 at 4; 79 at 3; 90; and 106 at 7). U.S. dollar-denominated funds transfers from U.S. clients to a POLS Group associate in Panama are likely to use CHIPS for the cross-border segment of the transfers. Records of wire transfers sent between a POLS Group associate and its U.S. clients will likely contain the clients' names, addresses, and account numbers, which will enable the Service to identify U.S. taxpayers who may have used POLS Group services to set up undisclosed offshore entities or accounts to avoid paying U.S. taxes. Although the Service is also seeking electronic funds transfer records in summonses to certain U.S. banks relating to correspondent accounts maintained by the Panamanian banks that the Service knows are used by the POLS Group, as described below, the summons for CHIPS records with respect to transfers to or from a POLS Group associate (including identified POLS Group officers, employees, or agents) is expected to produce information about wire transfers made on behalf of U.S. clients to and from other banks used by POLS Group associates currently unknown to the Service, which may show unreported income.

**D. U.S. Correspondent Bank Accounts at Four Banks Used by the POLS Group**

127. During the course of my investigation, I learned that POLS Group associates were engaged in financial transactions with offshore banks, using correspondent accounts in the United States to clear U.S. dollar-denominated transactions. As described in further detail below, the IRS is aware of at least four U.S. banks that maintain correspondent accounts with Panamanian banks known to be used by the POLS Group: HSBC Bank USA, Bank of America, Wells Fargo, and Citibank.

128. A correspondent bank processes all transactions flowing through its correspondent bank accounts. As discussed above, the Service knows correspondent banks are used by domestic owners of offshore accounts as a means of accessing those accounts remotely, and to facilitate the transfer of U.S. dollar denominated funds from one foreign bank to another.

129. The proposed John Doe summonses seek records of transactions processed through U.S. banks' correspondent accounts with Panamanian banks known to be used by the POLS Group, including account statements, checks, deposit statements, wire transfers, and AML exception reports.

130. The correspondent account records will provide U.S. dollar transaction information on Panamanian banks that do not have a physical presence in the United States, but process checks for POLS Group clients. These records will enable the Service to positively identify U.S. clients of the POLS Group, and to capture information concerning their use of foreign corporations, trusts, entities, and other such structures to secret funds that should be reported as income on tax returns filed with the Service. Thus, the summoned correspondent account information will identify to the Service transactions of U.S. taxpayers who used the services of the POLS Group to set up offshore structures to establish, maintain, operate, or control: any foreign financial account or other asset; any foreign corporation, company, trust, foundation, or other legal entity; or any foreign or domestic financial account or other asset in the name of such foreign entity.

131. Because a correspondent account with a U.S. bank is the principal means for a foreign bank to move funds into and out of the United States, and to move dollar-denominated funds from one place to another, the correspondent account records should be a rich source of

leads to identify U.S. clients of the POLS Group. Those records should include deposited items (which will contain evidence of funds paid by check to the POLS Group by its U.S. clients), cancelled checks (which will contain evidence of payments made by POLS Group associates through their foreign banks to U.S. clients or to third parties on behalf of U.S. clients), and wire transfers to and from the foreign banks affiliated with the correspondent accounts. Based on my experience, deposit items include personal checks or money orders identifying the U.S. client by name, address, and account number that clear the U.S. financial system and are deposited into the foreign bank account through the correspondent account. In addition, I have experience with cancelled checks written by U.S. persons from their foreign bank accounts to pay third parties for personal expenses, including taxes, with the checks clearing through the foreign bank's U.S. correspondent account. The memo field of these checks often contains the payee vendor's account number. I also have experience with electronic funds transfers that contain notes in the wire instructions identifying a U.S. client. The wire instructions are important sources of information because, in the Service's experience, when U.S. taxpayers use these correspondent accounts to transfer money, the wire instructions may identify the parties involved in the wire transfers and, thus, allow the Service to identify the U.S. person involved in the transfer. Further, the electronic funds transfers moving through the correspondent accounts will include cross-border transfers between affiliated banks and bank transfers that did not go through the Fedwire and CHIPS systems.

132. To combat money laundering, Sections 311, 312, 313, and 319(b) of the USA PATRIOT Act and related regulations impose certain obligations on U.S. financial institutions such as HSBC Bank USA, Bank of America, Wells Fargo, and Citibank that maintain

correspondent accounts with foreign financial institutions. 31 U.S.C. §§ 5318(i)-(k), 5318A(b); 31 C.F.R. § 1010.610. As explained on page 114 of the 2014 *Bank Secrecy Act/Anti-Money Laundering Examination Manual* published by the Federal Financial Institutions Examination Council,<sup>63</sup> due diligence policies, procedures, and controls must include:

- a. “Determining whether each such foreign correspondent account is subject to [enhanced due diligence]”;
- b. “Assessing the money laundering risks presented by each such foreign correspondent account”; and
- c. “Applying risk-based procedures and controls to each such foreign correspondent account reasonably designed to detect and report known or suspected money laundering activity, including a periodic review of the correspondent account activity sufficient to determine consistency with information obtained about the type, purpose, and anticipated activity of the account.”

133. Thus, the summonses also request reports produced by the anti-money laundering (“AML”) systems of HSBC Bank USA, Bank of America, Wells Fargo, and Citibank in connection with their due diligence and suspicious activity monitoring requirements, as well as documents reflecting the results of investigations of transactions flagged by AML systems, including communications with their respective correspondent banks: Credicorp Bank, Banco Panameño de la Vivienda S.A. (“Banvivienda”), and Banco General S.A. (“Banco General”). Such reports and investigation results may contain information relevant to the identification of

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<sup>63</sup> [https://bsaaml.ffiec.gov/docs/manual/BSA\\_AML\\_Man\\_2014\\_v2\\_CDDBO.pdf](https://bsaaml.ffiec.gov/docs/manual/BSA_AML_Man_2014_v2_CDDBO.pdf) [<https://perma.cc/J2LC-L8Q8>].

U.S. taxpayers using the POLS Group to facilitate tax evasion. In the Service's experience, these records typically include the results of due diligence and suspicious activity investigations and may reveal aliases, pseudonyms, and nominees, as well as contact information for those involved in transactions between U.S. persons and the POLS Group. Such information will enable the Service to positively identify U.S. clients of the POLS Group, and to capture information concerning their use of foreign corporations, trusts, entities, and other such structures to hide funds that should be reported as income on tax returns filed with the Service. The summonses specifically exclude from their requests Suspicious Activity Reports ("SARs") generated as a consequence of an AML alert,<sup>64</sup> or any other information that would reveal the existence of a SAR.

134. Information available to the IRS demonstrates that the POLS Group has used correspondent accounts at HSBC Bank USA, Bank of America, Wells Fargo, and Citibank, and thus, the IRS seeks to serve summonses on these banks.

**i. HSBC Bank USA**

135. HSBC Bank USA maintains its main office in Tysons, Virginia.<sup>65</sup> HSBC Bank USA operates a banking center at 143 Second Avenue, New York, New York 10003.<sup>66</sup> During

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<sup>64</sup> Generally, AML alerts are triggered when a customer's activity falls outside pre-established patterns of business activity based on their risk rating. The summonses are not requesting SAR information due to limitations on the disclosure and use of SAR information.

<sup>65</sup> According to HSBC USA Inc.'s 10-K, HSBC Bank USA also maintains its "principal executive offices" in New York, NY. HSBC Bank USA is the principal U.S. banking subsidiary of parent holding company HSBC USA Inc. See *HSBC USA Inc. Form 10-K* at 4, 33 (2020), <https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2020/annual/pdfs/hsbc-usa-inc/210223-hsbc-usa-inc-form-10-k.pdf> [<https://perma.cc/K92L-K6DX>].

<sup>66</sup> *Branch and ATM Locator*, HSBC, <https://www.us.hsbc.com/branch-locator/> (last visited Feb. 25, 2021) [<https://perma.cc/3U4Z-KSP2>].

my investigation, I learned that through correspondent accounts at HSBC Bank USA, certain POLS Group associates could clear checks and wires to and from the United States and Panama. The POLS Group used the foreign respondent banks, in this case Credicorp Bank and its correspondent account at HSBC Bank USA, to move funds to and from Panama. According to information available to the Service, Credicorp Bank is a Panamanian bank that has a U.S. dollar correspondent account at HSBC Bank USA, account number ending 7490.

136. PTE directed customers to send wires to “Intermediary Bank” HSBC Bank USA, SWIFT Code MRMDUS33, ABA Code 021001088 through Credicorp Bank’s correspondent bank account, with the final beneficiary being PTE’s account number ending 3847 at Credicorp Bank. (Ex. 49a). Likewise, the “Renewal and Taxes Notice” on PWOS’s webpage instructs clients to pay their annual renewal fees for Panamanian entities, resident agent fees, and the government corporate franchise tax via wire transfer through Credicorp Bank’s correspondent bank account at HSBC Bank USA, with the final beneficiary being OPI’s account number ending 4632 at Credicorp Bank. (Ex. 66 at 3).

137. Information available to the Service confirms OPI’s use of HSBC Bank USA’s correspondent bank accounts with Banvivienda and Credicorp Bank to transfer funds to its accounts at those banks. For example, in 2010 OPI wired \$19,040.10 from a U.S. bank account held by OPI to its Credicorp Bank account with account number ending 4632 in Panama, through HSBC Bank USA’s correspondent account. The Service is also aware of wire transfers from OPI’s U.S. account to its accounts at Banvivienda, through Banvivienda’s correspondent account at HSBC Bank USA.

138. Other information available to the Service confirms OPI's use of HSBC Bank USA's correspondent account with Banvivienda, account number ending 6196, to transfer funds from the U.S. to OPI's Banvivienda accounts. Funds originating in OPI's U.S. account were wired to OPI's Banvivienda accounts ending 1921 and 1922 in Panama in the amounts of \$26,771.16 in 2009, and \$128,667.74 in 2008 and 2009, respectively.

ii. **Bank of America**

139. Bank of America maintains its headquarters in Charlotte, North Carolina,<sup>67</sup> and operates a banking center at 770 Broadway, New York, New York 10003.<sup>68</sup> As discussed above, POLS and other POLS Group associates maintain accounts with Credicorp Bank in Panama. According to information available to the Service, Credicorp Bank maintains a correspondent account with Bank of America in the United States, with account number ending 3001. Additional information available to the Service confirms that OPI sent checks drawn on its U.S. bank account to its account and to PTE's account at Credicorp Bank via Credicorp Bank's correspondent account with Bank of America, account number ending 3847. Specifically, checks drawn on OPI's U.S. account transferred funds to OPI's account ending 4632 and PTE's account ending 3847 at Credicorp Bank in the amounts totaling \$47,898.02 in 2009 and 2010, and \$19,658.64 in 2010 and 2011, respectively.

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<sup>67</sup> *Bank of America Corporation Form 10-K* at 2 (2020), <https://investor.bankofamerica.com/regulatory-and-other-filings/all-sec-filings/content/0000070858-21-000023/0000070858-21-000023.pdf> (last visited Feb. 25, 2021) [<https://perma.cc/L6JQ-LN7P>].

<sup>68</sup> *Bank of America Financial Centers and ATMs*, Bank of America, <https://locators.bankofamerica.com/search?q=10003&rad=100> (last visited Feb. 25, 2021) [<https://perma.cc/9QED-CB88>].

iii. **Wells Fargo**

140. Wells Fargo's headquarters is in San Francisco, California,<sup>69</sup> and it operates a banking center at 781 Broadway, New York, New York 10003.<sup>70</sup> In 2008, Wells Fargo acquired Wachovia Corporation, and all Wachovia accounts were moved to Wells Fargo.<sup>71</sup> During my investigation, I learned that POLS Group associates used correspondent accounts at Wells Fargo to transfer funds to Panamanian banks.

141. Information available to the Service shows that checks originating in OPI's U.S. bank account were transferred to POLS's account number ending 7915, PTE's account number ending 0770, and OPI's account number ending 0784 at Banco General. According to information available to the Service, Banco General is a Panamanian bank with a correspondent account at Wells Fargo with SWIFT Code PNBPUS3NNYC and correspondent account number ending 0534. It appears that this account had a predecessor correspondent account, with account number ending 2053.

142. OPI used Banco General's correspondent account at Wells Fargo/Wachovia, account number ending 2053, to transfer funds from the United States to POLS's, OPI's, and PTE's respective Banco General accounts. For example, information available to the Service

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<sup>69</sup> *Wells Fargo & Company 2020 Annual Report* at 6 (2020), <https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/sec-filings/2020/10k.pdf> (last visited Feb. 25, 2021) [<https://perma.cc/4JRR-C9MS>].

<sup>70</sup> *Bank and ATM Locations in 10003 in New York, NY*, Wells Fargo, [https://www.wellsfargo.com/locator/search/?searchTxt=10003&mlflg=N&sgindex=99&chflg=N&\\_bo=on&\\_wl=on&\\_os=on&\\_bdu=on&\\_adu=on&\\_ah=on&\\_sdb=on&\\_aa=on&\\_nt=on&\\_fe=on](https://www.wellsfargo.com/locator/search/?searchTxt=10003&mlflg=N&sgindex=99&chflg=N&_bo=on&_wl=on&_os=on&_bdu=on&_adu=on&_ah=on&_sdb=on&_aa=on&_nt=on&_fe=on) (last visited Feb. 25, 2021) [<https://perma.cc/U4UY-GCTS>].

<sup>71</sup> *Wachovia Is Now Wells Fargo*, Wells Fargo, <https://www.wellsfargo.com/about/corporate/wachovia> (last visited Feb. 25, 2021) [<https://perma.cc/GJ82-SMEP>].

confirms that funds from OPI's U.S. bank account were transferred via check to POLS's, OPI's, and PTE's Banco General's accounts in Panama in the amounts of \$7,500 in 2011, \$295,360 in 2010 and 2011, and \$34,639 in 2011, respectively, through Banco General's correspondent accounts at Wells Fargo.

143. According to information available to the Service, Credicorp Bank also maintains a correspondent account at Wells Fargo, with account number ending 1551. The Service has information showing that OPI transferred funds from its U.S. bank account to its account and to PTE's accounts at Credicorp Bank via Credicorp Bank's correspondent account at Wells Fargo. For example, information available to the Service shows that checks and wires originating from OPI's U.S. bank account transferred funds to its account number ending 4632 at Credicorp Bank in the amount of at least \$662,830 in 2010 and 2011, and to PTE's account at Credicorp Bank with account number ending 3847 in the amount of \$43,715 in 2011, through the Wells Fargo correspondent account.

**iv. Citibank**

144. Citibank maintains its headquarters at 388 Greenwich Street, New York, New York 10013<sup>72</sup> and operates a banking center at 127 Hudson Street, New York, New York 10013.<sup>73</sup> According to information available to the Service, Credicorp Bank maintains a correspondent account with Citibank in the United States, with account number ending 6827. In

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<sup>72</sup> *2019 Annual Report* (2019), [https://www.citigroup.com/citi/investor/quarterly/2020/ar19\\_en.pdf](https://www.citigroup.com/citi/investor/quarterly/2020/ar19_en.pdf) (last visited Feb. 25, 2021) [<https://perma.cc/D68N-J6B8>].

<sup>73</sup> *Find Citibank Locations*, Citibank, <https://online.citi.com/US/ag/citibank-location-finder> (last visited Feb. 25, 2021).

addition, according to information available to the Service, Banco General also maintains correspondent accounts with Citibank in the United States, with account numbers ending 1934 and 8013. As described above, POLS Group associates maintained accounts at Credicorp Bank and at Banco General. *See supra* ¶¶ 135-137, 141.

145. POLS maintains an account with Banvivienda that, according to information available to the Service, maintains a correspondent account with Citibank in the United States, with account number ending 9221. Information from other sources confirms OPI transferred funds via wires and checks from its U.S. bank account to POLS's, OPI's, and PTE's accounts at Banvivienda through Banvivienda's Citibank U.S. correspondent account. For example, OPI transferred funds to POLS's Banvivienda account ending 1231 in the amount of \$10,313 in 2009. In addition, OPI transferred funds to OPI's Banvivienda accounts ending in: 1921 in the amount of \$243,573 in 2008 through 2010; 1922 in the amount of \$221,295 in 2009 and 2010; 2001 in the amount of \$7,126 in 2009; 2-001 in the amount of \$2,000 in 2009; and 2002 in the amount of \$38,415 in 2010. Lastly, OPI transferred funds to PTE's Banvivienda account ending in 9000 in the amount of \$6,251 in 2010.

**E. Western Union and MoneyGram**

146. The Service is also requesting that the United States District Courts for the District of Minnesota and the District of Colorado issue an order granting the Service leave to serve a similar John Doe summons on MoneyGram and Western Union, respectively.

147. Western Union is a money movement and payment services company headquartered in Denver, Colorado.<sup>74</sup> Western Union Financial Services, Inc., is a subsidiary of Western Union.<sup>75</sup> Western Union's website describes ways users can send and receive funds, pay bills, transfer funds on a mobile app or online, load prepaid cards, or purchase money orders.<sup>76</sup> Customers can send money in person, online, to a bank account, or to a mobile wallet,<sup>77</sup> and can pay bills in person, online, or by phone.<sup>78</sup> Customers can receive money in person or in their bank account, or receive money transfers directly onto a Western Union reloadable prepaid card.<sup>79</sup>

148. MoneyGram International Inc. ("MoneyGram International") is a global money transfer and payment services company headquartered in Dallas, Texas.<sup>80</sup> A MoneyGram

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<sup>74</sup> *Corporate Contact Information*, Western Union, <https://www.westernunion.com/GY/en/contact-information.html> (last visited Feb. 25, 2021) [<https://perma.cc/CB8X-X78H>].

<sup>75</sup> *The Western Union Company Form 10-K* at 95 (2019), [https://s21.q4cdn.com/100551446/files/doc\\_financials/2019/ar/2019-Annual-Report-2020-Proxy-Statement.pdf](https://s21.q4cdn.com/100551446/files/doc_financials/2019/ar/2019-Annual-Report-2020-Proxy-Statement.pdf) (last visited Feb. 25, 2021) [<https://perma.cc/84AN-HYZ9>].

<sup>76</sup> Western Union, [www.westernunion.com](http://www.westernunion.com) (last visited Feb. 25, 2021) [<https://perma.cc/7VB2-3WVN>].

<sup>77</sup> *Send & Transfer Money Online & In Person*, Western Union, <https://www.westernunion.com/us/en/send-money.html> (last visited Feb. 25, 2021) [<https://perma.cc/5FSZ-DT2Z>].

<sup>78</sup> *Bill Payment Services*, Western Union, <https://www.westernunion.com/us/en/pay-bills.html> (last visited Feb. 25, 2021) [<https://perma.cc/YX7Y-74HA>].

<sup>79</sup> *Receive Money Transfers & Funds*, Western Union, <https://www.westernunion.com/us/en/receive-money.html> (last visited Feb. 25, 2021) [<https://perma.cc/5Z2E-JHFU>].

<sup>80</sup> *MoneyGram International Moves Global Corporate Headquarters to Dallas*, Press Release, MoneyGram (Sept. 23, 2010), <http://ir.moneygram.com/index.php/news-releases/news-release-details/moneygram-international-moves-global-corporate-headquarters> (last visited Feb. 25, 2021) [<https://perma.cc/2XF2-FQHH>].

International employee told the IRS that it conducts business primarily through its wholly-owned subsidiary, MoneyGram Payment Systems Inc.,<sup>81</sup> which is located in Minneapolis, Minnesota.

MoneyGram has a physical presence in Minnesota and conducts business in that state.

According to its 2019 Annual Report, MoneyGram International provides quick and reliable worldwide funds transfer through a vast network of approximately 350,000 agent locations—including retailers, international post offices, and banks—in more than 200 countries and territories and through mobile and online channels. MoneyGram International's website describes ways users can send and receive funds, pay bills, or load cash to prepaid cards.<sup>82</sup>

149. POLS, PWOS, PC, PMB, and POSI accept payment for their services via wire transfer from Western Union or MoneyGram, international money order, or U.S. dollar-denominated check. (Exs. 1 at 9; 22 at 3; 29 at 2; 41 at 9; 66 at 3-4; 78 at 2; 90; 106 at 7). Customers of PWOS and/or POLS are also directed to make wire transfers through Western Union to OPI. (Ex. 66 at 4). Information available to the IRS indicates that Mr. Hanna is known to have received various funds from Western Union in 2005, 2006, and 2007 in the amounts of at least \$3,600, \$11,590, and \$2,844, respectively. PMB states specifically on its website that it accepts payment via Western Union and directs its clients to call for payment instructions. (Ex. 90). Information available to the Service from other sources indicates that OPI received numerous funds transfers via MoneyGram in 2009 in the total amount of at least \$5,000.

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<sup>81</sup> *MoneyGram Form 10-K* at 3 (2019), <https://ir.moneygram.com/static-files/df4f173b-d542-4181-b179-95b96f762782> (last visited Feb. 25, 2021) [<https://perma.cc/BQH8-7SRP>].

<sup>82</sup> *All Services*, MoneyGram, <http://www.moneygram.com/us/en/all-services> (last visited Feb. 25, 2021) [<https://perma.cc/4YCC-ZMNE>].

150. By researching the accounts of the POLS Group associates, Western Union and MoneyGram can retrieve data regarding money transfer services associated with these accounts. Based on its investigation, the Service is aware that Western Union and MoneyGram also have the ability to search their records by sender or recipient names. Thus, Western Union and MoneyGram should be able to identify instances in which their services were used to transfer money to or from a POLS Group associate (including listed persons who the Service has reason to believe are officers, employees, or agents of a POLS Group associate), where the money was transferred to or from the United States. Western Union's and MoneyGram's records of senders and recipients of money transfers to and from POLS Group associates should contain the senders' and recipients' names, addresses, and phone numbers, which will enable the IRS to positively identify U.S. taxpayers who used the services of the POLS Group during the summons period. Because these records will reflect money transfers, the Western Union and MoneyGram records will also assist the Service in determining what, if any, unreported income exists for the years relating to the summons period.

**VI. The Summonses Describe a Particular Person or Ascertainable Class of Persons**

151. The proposed John Doe summonses seek information regarding U.S. taxpayers who, at any time during the years ending December 31, 2013, through December 31, 2020, used the services of Panama Offshore Legal Services, including its predecessors, subsidiaries, and associates, to establish, maintain, operate, or control any foreign financial account or other asset; any foreign corporation, company, trust, foundation or other legal entity; or any foreign or domestic financial account or other asset in the name of such foreign entity.

152. This class of persons is ascertainable in that the persons in the class are particularized from the general public by their characteristics of being United States persons who used the services of the POLS Group during the subject years to establish and maintain foreign accounts or assets, foreign entities, and/or accounts or assets in the name of a foreign entity.

**VII. The Internal Revenue Service Has Reason to Believe Members of the “John Doe” Class May Have Failed to Comply with One or More Requirements of the Internal Revenue Laws**

153. Based on information available to the Service, the persons in the “John Doe” class may have failed to report the existence of foreign financial accounts and entities under their control, failed to report income, evaded income taxes, or otherwise violated the United States’ internal revenue laws.

154. The services the POLS Group provides to its U.S. clients, as described at length on its websites and herein, are the kinds of activities that, in the Service’s experience, are the hallmarks of offshore tax evasion, including the establishment of offshore structures, including offshore foundations and anonymous corporations managed by nominee officers and secretly owned through bearer shares; the concealment of beneficial ownership in foreign accounts and assets in foreign jurisdictions with strong financial secrecy laws and practices; the use of offshore merchant accounts to escape taxation of business credit card receipts; and the use of anonymous offshore debit and credit cards to secretly repatriate untaxed offshore funds.

155. As described herein, the Service has reason to believe that individuals have used the POLS Group’s services to facilitate noncompliance with the Internal Revenue laws. *See, e.g., supra* ¶¶ 112-113.

156. The information obtained by the Service and discussed in this declaration suggests that many of the still-unknown U.S. persons doing business with the POLS Group have not reported their offshore accounts, entities, or structures.

157. Based on my experience with offshore issues, persons who hold undisclosed foreign accounts, entities, or structures often do so in order to conceal the existence of such accounts, entities, or structures and their associated income from the Service.

158. It is the Service's experience that there is a direct correlation between unreported income and the lack of visibility of that income to the Service. That is, when the third-party payer of income to a person is not required to, or fails to, report that income to the Service, the taxpayer-recipient is far less likely to report it on his or her tax returns. Such instances are much more common in situations where the taxpayer-recipient is using an offshore account, which further supports the Service's belief that U.S. taxpayers with undisclosed offshore activities facilitated by the POLS Group may not be complying with the internal revenue laws requiring them to report income earned on their foreign accounts and the existence of their offshore entities. Many of the still-unknown U.S. persons doing business with the POLS Group have likely relied on the lack of third-party reporting to support their decision not to disclose their foreign accounts, entities, or structures, with the expectation that the Service would not discover the vehicles and any associated income.

159. This experience supports the Service's understanding that U.S. taxpayers who engaged the POLS Group to set up undisclosed offshore accounts, entities, or structures may not

be complying with the internal revenue laws requiring them to report income related to those accounts, and may not be reporting the existence of their offshore accounts and entities.<sup>83</sup>

**VIII. The Requested Information Is Not Readily Available from Other Sources**

160. Based on the above information, U.S. taxpayers in the John Doe class may be failing to comply with internal revenue laws governing U.S. persons' obligations to report and pay tax on their worldwide income, to disclose all of their interests in foreign financial accounts, to file annual reports of such foreign financial accounts with assets exceeding \$10,000, and to file annual reports reporting offshore entities in which they have a reportable interest. Because the Service does not know the identities of those in the John Doe class, the Service cannot yet audit these U.S. taxpayers' income tax returns to determine whether they reported their income held in offshore accounts and reported the existence of their offshore entities.

161. Obtaining the summoned records will provide the Service with information necessary to discover the identities of U.S. taxpayers who used the POLS Group associates to establish and maintain offshore entities and structures, including offshore bank accounts, and to conceal their ownership of Panamanian real estate and other foreign assets.

162. To my knowledge, and based on my experience, the only repositories of the information sought by each of the proposed summonses that are readily available to the Service

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<sup>83</sup> On July 1, 2019, Congress enacted the Taxpayer First Act, which added language to 26 U.S.C. § 7609(f) to the effect that John Doe summonses cannot be issued "unless the information sought to be obtained is narrowly tailored to information that pertains to the failure (or potential failure) of the [John Doe class] to comply with [the Internal Revenue Code]." The provision applies to summonses served more than 45 days after the statute's enactment. As explained in paragraphs 121, 124, 126, 130, 131, and 150 of this Declaration, each of the particular items requested by the proposed summonses are narrowly tailored to assist the IRS in investigating the unknown members of the John Doe class for their failure (or potential failure) to comply with the internal revenue laws, specifically 26 U.S.C. § 61.

are FedEx Corp, FedEx Ground, DHL, UPS, Federal Reserve NY, Clearing House, HSBC Bank USA, Bank of America, Wells Fargo, Citibank, Western Union, and MoneyGram. In light of the above, the records sought by the John Doe summonses are not otherwise reasonably and timely available to the Service.

**IX. Conclusion**

163. Based upon the foregoing, I believe that the information sought in the proposed John Doe summonses to be issued to FedEx Corp., FedEx Ground, DHL, UPS, Federal Reserve NY, Clearing House, HSBC Bank USA, Bank of America, Wells Fargo, and Citibank will allow the Service to identify U.S. taxpayers who may have failed to comply with their obligation to report and pay U.S. tax on income earned with respect to financial accounts and entities established, maintained, operated, or controlled by or through the POLS Group at any time during the years ended December 31, 2013, through December 31, 2020.

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

Executed this 4 day of May 2021.



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KATY FUENTES  
Internal Revenue Agent