

DEVELOP INDIA

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Secret Files Expose by ICIJ Offshore's Global Impact

An international association of journalists ICIJ registered in the U.S. have claimed unearthing of secret accounts of 120,000 companies and nearly 130,000 individuals, politicians, industrialists from over 170 countries. Among those exposed by ICIJ are 612 Indians, including at least two MPs and several industrialists.

The documents, which span in the past 30 years, reveal the misuse of offshore tax havens such as the British Virgin Islands, Cyprus, Switzerland, and the Cook Islands by everyone from American doctors and Wall Street investors to Greek villagers and the families of notorious dictators.

Amid a global crackdown against alleged black money in secret accounts of Swiss banks, their bankers are selling a new safe-haven idea to their rich clients from India and other countries -- the high-value 1,000 franc notes to be stored in safe deposit boxes. These boxes -- kept inside the premises of Swiss banks -- are also said to be being used to stash gold, diamond, paintings and art works etc -- apparently because of limited risk of catching the preying eyes of foreign governments having signed banking information exchange treaties with Switzerland.

This week marks the beginning of one of the biggest financial leaks in history

The International Consortium of Investigative Journalists has just released the first stories from a global collaborative project into the world of offshore money. The Tax Justice Network, an advocacy group claims that a third of the world's wealth is tied up in the secret area of offshore.

For the past 15 months, journalists from over 40 countries have worked together to shed light on this issue.

And here's some of what they found.

François Hollande's treasurer during the 2012 presidential campaign, businessman Jean-Jacques Augier, is revealed to have investments in the Cayman Islands.

Philippine government officials said Friday that they will look into the disclosure that Maria Imelda Marcos Manotoc, the eldest daughter of the late dictator Ferdinand Marcos was a beneficiary of a secret offshore trust in the British Virgin Islands. "We are duty bound to investigate and, depending upon informed preliminary findings, decide whether to pursue the matter," said Andres Bautista, the chairman of the Presidential Commission on Good Government, tasked with recovering the Marcos family's alleged ill-gotten wealth.

Germany's largest financial institution, Deutsche Bank, helped its customers maintain more than 300 secretive offshore companies and trusts through its Singapore branch.

New light is shed on a half-billion-dollar Ponzi scheme in Venezuela that shuffled investor money among a maze of offshore companies, hedge funds and bank accounts stretching from the Cayman Islands to Switzerland and Panama, smoothing the way by funneling bribes to officials in Venezuela.

Commonwealth Trust Limited, a BVI-based firm, is revealed to have set up companies involved in the Magnitsky affair, a case that's strained U.S.-Russian relations and blocked American adoptions of Russian orphans. One of Mongolia's most senior politicians says he is considering resigning from office after being confronted with evidence that he has an offshore company and a secret Swiss bank account.

Newly uncovered documents link Maria Imelda Marcos Manotoc, the eldest child of the late Philippine dictator Ferdinand Marcos and now a senior political figure in her own right, to two secretive offshore trusts and an offshore company.

A prominent Canadian lawyer, husband to a Liberal senator, moved CA\$1.7 million (US\$1.1 million) to secretive financial havens while he was locked in battle with the Canada Revenue Agency over his taxes, according to documents in a massive leak of offshore financial data.

A corporate mogul whose business empire has won building contracts worth billions of dollars amid Azerbaijani President Ilham Aliyev's massive construction spree is tied to the president's family through secretive offshore companies.

The prominent Thais listed in secret documents as owners of offshore holdings includes the former wife of ousted Prime Minister Thaksin Shinawatra, a sitting senator, a former high-ranking defense ministry official, Forbes-listed tycoons, and a former government minister whose assets in the United States are frozen because of her alleged links to Zimbabwean dictator Robert Mugabe.

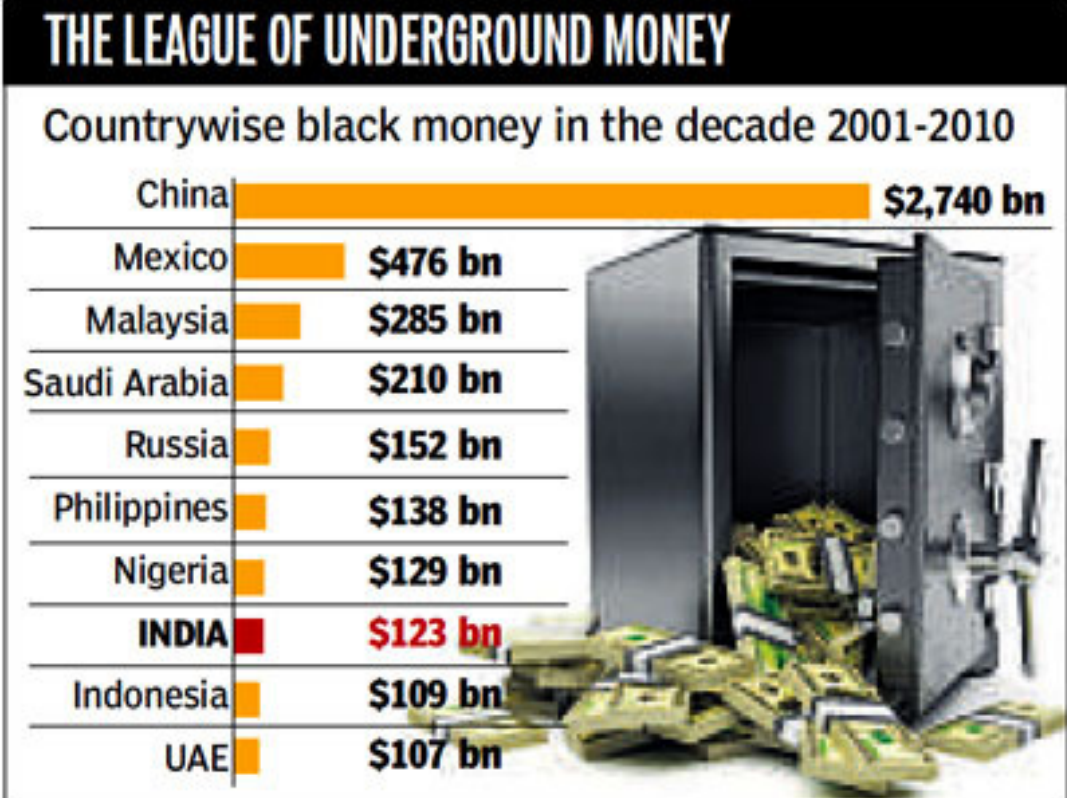
Greek citizens who own or direct offshore companies in the British Virgin Islands and other tax havens rarely declare them to Greek tax officials, a review of more than 100 companies shows. Just four out of 107 offshore companies investigated by ICIJ are registered with tax authorities as the law usually requires, particularly when the firms hold assets or conduct business in Greece. Officials apparently have no record of the other 103 firms -- or whether the owners declared any assets held by these entities or paid taxes on them.

A list containing examples of some of the most high-profile names uncovered in this investigation, along with records of their offshore companies. Those named come in the form of politicians, businessmen, army generals, tycoons, relatives of dictators, and are scattered across 29 different countries.

Finally, for those interested in how ICIJ managed to tackle records cache, the data manager of the project, Duncan Campbell, writes an in-depth explanation of how our journalists were able to make sense of the 260 gigabytes of information obtained. Four large databases, half a million text, PDF, spreadsheet, image and web files were dissected to reveal over 130,000 records on the people and agents who run, own, benefit from or hide behind offshore companies.

India's Tax Information Exchange Agreements

To curb black money, India has signed TIEA with 10 countries - Bahamas, Bermuda, the British Virgin Islands, the Isle of Man, the Cayman Islands, Jersey, Monaco, St. Kitts and Nevis, Argentina and the Marshall Islands - where money is believed to have been stashed away. India and Switzerland, claims a report, have agreed to allow India to routinely obtain banking information about Indians in Switzerland from April 1, 2011.



Black money in Swiss banks & India's Efforts

In early 2011, several reports in Indian media alleged Swiss Bankers Association officials to have said that the largest depositors of illegal foreign money in Switzerland are Indian. These allegations were later denied by Swiss Bankers Association as well as the central bank of Switzerland that tracks total deposits held in Switzerland by Swiss and non-Swiss citizens, and by wealth managers as fiduciaries of non-Swiss citizens. James Nason of Swiss Bankers Association in an interview about alleged black money from India, suggests "The (black money) figures were rapidly picked up in the Indian media and in Indian opposition circles, and circulated as gospel truth. However, this story was a complete fabrication. The Swiss Bankers Association never said or published such a report. Anyone claiming to have such figures (for India) should be forced to identify their source and explain the methodology used to produce them."

In August 2010, the government revised the Double Taxation Avoidance Agreement to provide means for investigations of black money in Swiss banks. This revision, expected to become active by January 2012, will allow the government to make inquiries of Swiss banks in cases where they have specific information about possible black money being stored in Switzerland.

In 2011, the Indian government received the names of 782 Indians who had accounts with HSBC. As of December, 2011, the Finance Ministry has refused to reveal the names, for privacy reasons, though they did confirm that no current Members of Parliament are on the list. In response to demands from the Bharatiya Janata Party (BJP) opposition party for the release of the information, the government announced on 15 December that, while it would not publish the names, it would publish a white paper about the HSBC information.

According to White Paper on Black Money in India report, published in May 2012, Swiss National Bank estimates that the total amount of deposits in all Swiss banks, at the end of 2010, by citizens of India were CHF 1.95 billion (INR 9,295 crore, US\$ 2.1 billion). The Swiss Ministry of External Affairs has confirmed these figures upon request for information by the Indian Ministry of External Affairs. This amount is about 700 fold less than the alleged \$1.4 trillion in some media reports.

In February 2012, Central Bureau of Investigation (CBI) director A P Singh speaking at the inauguration of first Interpol global programme on anti-corruption and asset recovery said: "It is estimated that around 500 billion dollars of illegal money belonging to Indians is deposited in tax havens abroad. Largest depositors in Swiss Banks are also reported to be Indians". In a hint at scams involving ministers, Singh said: "I am prompted to recall a famous verse from ancient Indian scriptures, which says -- ??? ???? ??? ??????. In other words, if the King is immoral so would be his subjects" The CBI Director later clarified in India's parliament that the \$500 billion of illegal money was an estimate based on a statement made to India's Supreme Court in July 2011.

After formal inquiries and tallying data provided by banking officials outside India, the Government of India claimed in May 2012 that the deposits of Indians in Swiss banks constitute only 0.13 per cent of the total bank deposits of citizens of all countries. Further, the share of Indians in the total bank deposits of citizens of all countries in Swiss banks has reduced from 0.29 per cent in 2006 to 0.13 per cent in 2010.

The Ministry of Finance through the Investigation Division of the Central Board of Direct Taxes released a White Paper on Black Money giving the Income Tax Department increased powers.

Indian Black Money in Swiss Bank List

480000000000 [4.8 lakh crore] rupees black money goes out of India to foreign shores!

WikiLeaks posted in the website that -- Indian money in Swiss Banks than any other nationality. We have proof regarding their names, amount and name of bank which we got from Rudolf Elmer. We have 2000 names in two discs, the major share is from India. The source of income is from project hedge, illegal share in stock market, drug deal, fake project. The deposits in Swiss Bank was started from early 70s. Major share of Indian black money routed from Pakistan. We published the link in rapidshare server, address is 88.80.16.63 on port 9999 (SSL enabled). The Indian government needs to be more aggressive in tracking the black money stashed in foreign banks since Indians depositing money in foreign banks is debasing the rupee. Otherwise WikiLeaks will do the job.



Black money in Swiss banks mainly from India

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Name	Amount (INR Cr)	Name of Bank	Number of Accounts
Prabodh Mehta	28000	LGT bank of Liechtenstein	2 main (5 sub)
Chintan Gandhi	1956	LGT bank of Liechtenstein	1 main (3 sub)
Arun Mehta	2500	LGT bank of Liechtenstein	1 main
Ramdev pasvan	3500	Union Bancaire Privée, UBP	1 main
NearaRadiva	289990	UBS	4 main (13 sub)
Rajeev Gandhi	198000	UBS	7 main (25 sub)
Nareesh Goval	145600	Bank CA St. Gallen AG	25 main (3 sub)
Muthuvel	10500	Alternative Bank ABS	10 main (5 sub)
Karunanidhi Stalin	9850	LGT bank of Liechtenstein	2 main (5 sub)
Manoj Dhpelia	7800	Aareal Bank AG	1 main (3 sub)
A Raja	135800	UBS AG	13 sub
Harshad Mehta (D)	4800	Rothschild Bank AG	1 main (4 sub)
S.S. Palaninanicam	8200	Bank Coop AG	5 main (2sub)
Ketan parekh	3908	Bank aek Genossenschaft	2 main (1sub)
Paban Singh	29800	Aargauische Kantonbank	5 main (17 sub)
Rendervous Sports World	14500	Bank Frey & Co. AG	1 main (25 sub)
H. D. Kumaraswamy	4520	Banca Intermobiliare di Investimenti	1 main
C.P. Krishnan Nair	29800	AKB Privatbank Zürich AG	2 main (1sub)
Lalu Prasad Yadav	9000	Bank EEK AG	5 main (3sub)
Jyotiraditya Madhavrao Scindia	15000	Clariden Leu AG	15sub
Kalanidhi maran	35000	Baloise Bank Soba	8main(5sub)
Karunanidhi	28000	Alternative Bank ABS	4 main(7sub)
Sarath Pawar			

Suresh kalmadi	5900	UBS	4main(5sub)
Chitham baram	32000	Rothschild Bank AG	19 sub
Raj Foundation	189008	LGT bank of Liechtenstein	1 main (45sub)
Urvashi Foundation	289745	LGT bank of Liechtenstein	2 main (95sub)
Ambrunova Trust	17658	LGT bank of Liechtenstein	1 main (13 sub)
Arun Kochar	15450	LGT bank of Liechtenstein	14 sub
Prabodh Mehta	1480	LGT bank of Liechtenstein	1 main

We have more than 985 names it will be published next day at 11.59.00 pm in port 88.80.16.63 on port 9999 (SSL enabled).

Date:02/08/2011
Time : 11:59:00 pm

IP: 88.80.16.63 on port 9999 (SSL enabled).

NEW ACCOUNTING TERMINOLOGY

1 Cr = 1 Khoka
500 Cr = 1 Koda
1,000 Cr = 1 Radia
10,000 Cr = 1 Kalmadi
1,00,000 Cr = 1 Raja
10 Kalmadi + 1 Raja = 1 Pawar



India's Villons

Millions of leaked records and thousands of names

Dozens of journalists sifted through millions of leaked records and thousands of names to produce ICIJ’s investigation into offshore secrecy. A cache of 2.5 million files has cracked open the secrets of more than 120,000 offshore companies and trusts, exposing hidden dealings of politicians, con men and the mega-rich the world over.

The secret records obtained by the International Consortium of Investigative Journalists lay bare the names behind covert companies and private trusts in the British Virgin Islands, the Cook Islands and other offshore hideaways.

They include American doctors and dentists and middle-class Greek villagers as well as families and associates of long-time despots, Wall Street swindlers, Eastern European and Indonesian billionaires, Russian corporate executives, international arms dealers and a sham-director-fronted company that the European Union has labeled as a cog in Iran’s nuclear-development program.

The leaked files provide facts and figures — cash transfers, incorporation dates, links between companies and individuals — that illustrate how offshore financial secrecy has spread aggressively around the globe, allowing the wealthy and the well-connected to dodge taxes and fueling corruption and economic woes in rich and poor nations alike.

The records detail the offshore holdings of people and companies in more than 170 countries and territories.

The hoard of documents represents the biggest stockpile of inside information about the offshore system ever obtained by a media organization. The total size of the files, measured in gigabytes, is more than 160 times larger than the leak of U.S. State Department documents by Wikileaks in 2010.

To analyze the documents, ICIJ collaborated with reporters from The Guardian and the BBC in the U.K., Le Monde in France, Süddeutsche Zeitung and Norddeutscher Rundfunk in Germany, The Washington Post, the Canadian Broadcasting Corporation (CBC) and 31 other media partners around the world.

Eighty-six journalists from 46 countries used high-tech data crunching and shoe-leather reporting to sift through emails, account ledgers and other files covering nearly 30 years. “I’ve never seen anything like this. This secret world has finally been revealed,” said Arthur Cockfield, a law professor and tax expert at Queen’s University in Canada, who reviewed some of the documents during an interview with the CBC. He said the documents remind him of the scene in the movie classic The Wizard of Oz in which “they pull back the curtain and you see the wizard operating this secret machine.”

Mobsters and Oligarchs

The vast flow of offshore money — legal and illegal, personal and corporate — can roil economies and pit nations against each other. Europe’s continuing financial crisis has been fueled by a Greek fiscal disaster exacerbated by offshore tax cheating and by a banking meltdown in the tiny tax haven of Cyprus, where local banks’ assets have been inflated by waves of cash from Russia.

Anti-corruption campaigners argue that offshore secrecy undermines law and order and forces average citizens to pay higher taxes to make up for revenues that vanish offshore. Studies have estimated that cross-border flows of global proceeds of financial crimes total between \$1 trillion and \$1.6 trillion a year.

ICIJ’s 15-month investigation found that, alongside perfectly legal transactions, the secrecy and lax oversight offered by the offshore world allows fraud, tax dodging and political corruption to thrive.

Offshore patrons identified in the documents include:

Individuals and companies linked to Russia’s Magnitsky Affair, a tax fraud scandal that has strained U.S.-Russia relations and led to a ban on Americans adopting Russian orphans.

A Venezuelan deal maker accused of using offshore entities to bankroll a U.S.-based Ponzi scheme and funneling millions of dollars in bribes to a Venezuelan government official.

A corporate mogul who won billions of dollars in contracts amid Azerbaijani President Ilham Aliyev’s massive construction boom even as he served as a director of secrecy-shrouded offshore companies owned by the president’s daughters.

Indonesian billionaires with ties to the late dictator Suharto, who enriched a circle of elites during his decades in power.

The documents also provide possible new clues to crimes and money trails that have gone cold. After learning ICIJ had identified the eldest daughter of the late dictator Ferdinand Marcos, Maria Imelda Marcos Manotoc, as a beneficiary of a British Virgin Islands (BVI) trust, Philippine officials said they were eager to find out whether any assets in the trust are part of the estimated \$5 billion her father amassed through corruption.

Manotoc, a provincial governor in the Philippines, declined to answer a series of questions about the trust.

Politically connected wealth

Maria Imelda Marcos Manotoc

The files obtained by ICIJ shine a light on the day-to-day tactics that offshore services firms and their clients use to keep offshore companies, trusts and their owners under cover.

Tony Merchant, one of Canada’s top class-action lawyers, took extra steps to maintain the privacy of a Cook Islands trust that he’d stocked with more than \$1 million in 1998, the documents show.

In a filing to Canadian tax authorities, Merchant checked “no” when asked if he had foreign assets of more than \$100,000 in 1999, court records show.

Between 2002 and 2009, he often paid his fees to maintain the trust by sending thousands of dollars in cash and traveler’s checks stuffed into envelopes rather than using easier-to-trace bank checks or wire transfers, according to documents from the offshore services firm that oversaw the trust for him.

One file note warned the firm’s staffers that Merchant would “have a st[r]oke” if they tried

to communicate with him by fax.

Tony Merchant.

It is unclear whether his wife, Pana Merchant, a Canadian senator, declared her personal interest in the trust on annual financial disclosure forms.

Under legislative rules, she had to disclose every year to the Senate’s ethics commissioner that she was a beneficiary of the trust, but the information was confidential.

The Merchants declined requests for comment.

Other high profile names identified in the offshore data include the wife of Russia’s deputy prime minister, Igor Shuvalov, and two top executives with Gazprom, the Russian government-owned corporate behemoth that is the world’s largest extractor of natural gas.

Shuvalov’s wife and the Gazprom officials had stakes in BVI companies, documents show. All three declined comment.

In a neighboring land, the deputy speaker of Mongolia’s Parliament said he was considering resigning from office after ICIJ questioned him about records showing he has an offshore company and a secret Swiss bank account.

“I shouldn’t have opened that account,” Bayartsogt Sangajav, who has also served as his country’s finance minister, said. “I probably should consider resigning from my position.” Bayartsogt said his Swiss account at one point contained more than \$1 million, but most of the money belonged to what he described as “business friends” he had joined in investing in international stocks.

He acknowledged that he hasn’t officially declared his BVI company or the Swiss account in Mongolia, but he said he didn’t avoid taxes because the investments didn’t produce income.

“I should have included the company in my declarations,” he said.

Wealthy Clients

The documents also show how the mega-rich use complex offshore structures to own mansions, art and other assets, gaining tax advantages and anonymity not available to average people.

Baroness Carmen Thyssen-Bornemisza.

Spanish names include a baroness and famed art patron, Carmen Thyssen-Bornemisza, who is identified in the documents using a company in the Cook Islands to buy artwork through auction houses such as Sotheby’s and Christie’s, including Van Gogh’s Water Mill at Gennepe. Her attorney acknowledged that she gains tax benefits by holding ownership of her art offshore, but stressed that she uses tax havens primarily because they give her “maximum flexibility” when she moves art from country to country.

Among nearly 4,000 American names is Denise Rich, a Grammy-nominated songwriter whose ex-husband was at the center of an American pardon scandal that erupted as President Bill Clinton left office.

A Congressional investigation found that Rich, who raised millions of dollars for Democratic politicians, played a key role in the campaign that persuaded Clinton to pardon her ex-spouse, Marc Rich, an oil trader who had been wanted in the U.S. on tax evasion and racketeering charges.

Denise Rich.

Records obtained by ICIJ show she had \$144 million in April 2006 in a trust in the Cook Islands, a chain of coral atolls and volcanic outcroppings nearly 7,000 miles from her home at the time in Manhattan.

The trust’s holdings included a yacht called the Lady Joy, where Rich often entertained celebrities and raised money for charity.

Rich, who gave up her U.S. citizenship in 2011 and now maintains citizenship in Austria, did not reply to questions about her offshore trust.

Another prominent American in the files who gave up his citizenship is a member of the Mellon dynasty, which started landmark companies such as Gulf Oil and Mellon Bank. James R. Mellon — an author of books about Abraham Lincoln and his family’s founding patriarch, Thomas Mellon — used four companies in the BVI and Lichtenstein to trade securities and transfer tens of millions of dollars among offshore bank accounts he controlled.

Like many offshore players, Mellon appears to have taken steps to distance himself from his offshore interests, the documents show. He often used third parties’ names as directors and shareholders of his companies rather than his own, a legal tool that owners of offshore entities often use to preserve anonymity.

James R. Mellon.

Reached in Italy where lives part of the year, Mellon told ICIJ that, in fact, he used to own “a whole bunch” of offshore companies but has disposed of all of them. He said he set up the firms for “tax advantage” and liability reasons, as advised by his lawyer. “But I have never broken the tax law.”

Of the use of nominees, Mellon said that “that’s the way these firms are set up,” and added that it’s useful for people like him who travel a lot to have somebody else in charge of his businesses. “I just heard of a presidential candidate who had a lot of money in the Cayman Islands,” Mellon, now a British national, said, alluding to former U.S. presidential candidate Mitt Romney.

“Not everyone who owns offshore is a crook.”

Offshore growth

The anonymity of the offshore world makes it difficult to track the flow of money. A study by James S. Henry, former chief economist at McKinsey & Company, estimates that wealthy individuals have \$21 trillion to \$32 trillion in private financial wealth tucked away in offshore havens — roughly equivalent to the size of the U.S. and Japanese economies combined.

Even as the world economy has stumbled, the offshore world has continued to grow, said Henry, who is a board member of the Tax Justice Network, an international research and advocacy group that is critical of offshore havens. His research shows, for example, that assets managed by the world’s 50 largest “private banks” — which often use offshore havens to serve their “high net worth” customers — grew from \$5.4 trillion in 2005 to more than \$12 trillion in 2010.

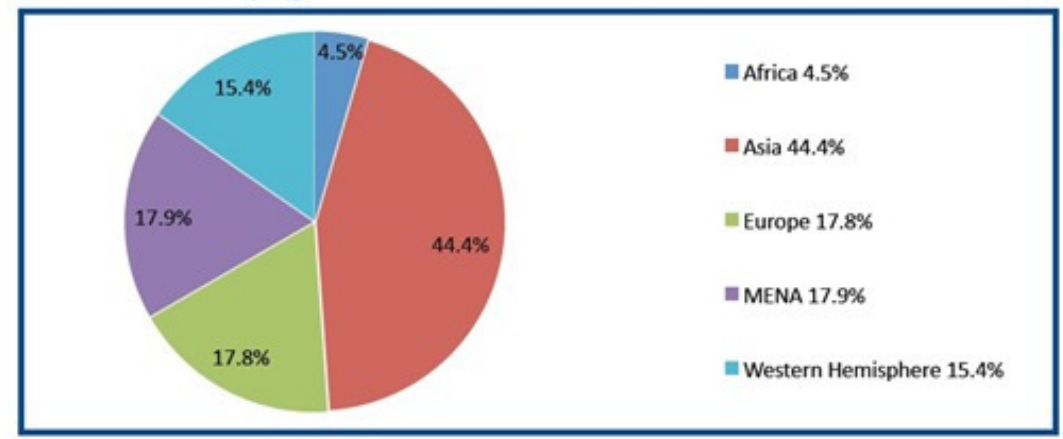
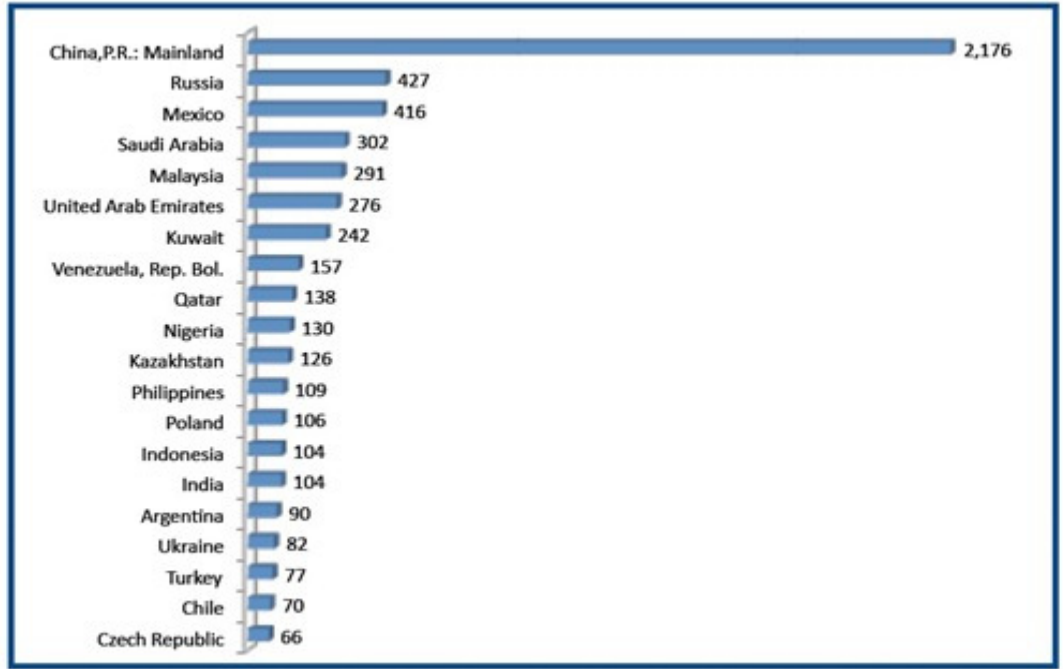
Henry and other critics argue that offshore secrecy has a corrosive effect on governments and legal systems, allowing crooked officials to loot national treasuries and providing cover to human smugglers, mobsters, animal poachers and other exploiters.

Offshore’s defenders counter that most offshore patrons are engaged in legitimate transactions. Offshore centers, they say, allow companies and individuals to diversify their investments, forge commercial alliances across national borders and do business in entrepreneur-friendly zones that eschew the heavy rules and red tape of the onshore world.

“Everything is much more geared toward business,” David Marchant, publisher of OffshoreAlert, an online news journal, said. “If you’re dishonest you can take advantage of that in a bad way. But if you’re honest you can take advantage of that in a good way.” Much of ICIJ’s reporting focused on the work of two offshore firms, Singapore-based Portcullis TrustNet and BVI-based Commonwealth Trust Limited (CTL), which have helped tens of thousands of people set up offshore companies and trusts and hard-to-trace bank accounts.

Regulators in the BVI found that CTL repeatedly violated the islands’ anti-money-laundering laws between 2003 and 2008 by failing to verify and record its clients’ identities and backgrounds. “This particular firm had systemic money laundering issues within their organization,” an official with the BVI’s Financial Services Commission said last year.

The documents show, for example, that CTL set up 31 companies in 2006 and 2007 for an individual later identified in U.K. court claims as a front man for Mukhtar Ablyazov, a Kazakh banking tycoon who has been accused of stealing \$5 billion from one of the former Russian republic’s largest banks. Ablyazov denies wrongdoing.



Thomas Ward, a Canadian who co-founded CTL in 1994 and continues to work as a consultant to the firm, said CTL’s client-vetting procedures have been consistent with industry standards in the BVI, but that no amount of screening can ensure that firms such as CTL won’t be “duped by dishonest clients” or sign on “someone who appears, to all historical examination, to be honest” but “later turns to something dishonest.”

“It is wrong, though perhaps convenient, to demonize CTL as by far the major problem area,” Ward said in a written response to questions. “Rather I believe that CTL’s problems were, by and large, directly proportional to its market share.”

ICIJ’s review of TrustNet documents identified 30 American clients accused in lawsuits or criminal cases of fraud, money laundering or other serious financial misconduct. They include ex-Wall Street titans Paul Bilzerian, a corporate raider who was convicted of tax fraud and securities violations in 1989, and Raj Rajaratnam, a billionaire hedge fund manager who was sent to prison in 2011 in one of the biggest insider trading scandals in U.S. history. TrustNet declined to answer a series of questions for this article.

Blacklisted

The records obtained by ICIJ expose how offshore operatives help their customers weave elaborate financial structures that span countries, continents and hemispheres.

A Thai government official with links to an infamous African dictator used Singapore-based TrustNet to set up a secret company for herself in the BVI, the records show.

Nalinee Taveesin.The Thai official, Nalinee “Joy” Taveesin, is currently Thailand’s international trade representative. She served as a cabinet minister for Prime Minister Yingluck Shinawatra before stepping down last year.

Taveesin acquired her BVI company in August 2008. That was seven months after she’d been appointed an advisor to Thailand’s commerce minister — and three months before the U.S. Department of Treasury blacklisted her as a “crony” of Zimbabwean dictator Robert Mugabe.

The Treasury Department froze her U.S. assets, accusing her of “secretly supporting the kleptocratic practices of one of Africa’s most corrupt regimes” through gem trafficking and other deals made on behalf of Mugabe’s wife, Grace, and other powerful Zimbabweans. Taveesin has said her relationship with the Mugabes is “strictly social” and that the U.S. blacklisting is a case of guilt by association. Through her secretary, Taveesin flatly denied that she owns the BVI company. ICIJ verified her ownership using TrustNet records that listed her and her brother as shareholders of the company and included the main address in Bangkok for her onshore business ventures.

Records obtained by ICIJ also reveal a secret company belonging to Muller Conrad “Billy” Rautenbach, a Zimbabwean businessman who was blacklisted by the U.S. for his ties to the Mugabe regime at the same time as Taveesin. The Treasury Department said Rautenbach has helped organize huge mining projects in Zimbabwe that “benefit a small number of corrupt senior officials.”

When CTL set Rautenbach up with a BVI company in 2006 he was a fugitive, fleeing fraud allegations in South Africa. The charges lodged personally against him were dismissed, but a South African company he controlled pleaded guilty to criminal charges and paid a fine of roughly \$4 million.

Rautenbach denies U.S. authorities’ allegations, contending that they made “significant factual and legal errors” in their blacklisting decision, his attorney, Ian Small Smith, said. Smith said Rautenbach’s BVI company was set up as “special purpose vehicle for investment in Moscow” and that it complied with all disclosure regulations. The company is no longer active.

‘One Stop Shop’

Offshore’s customers are served by a well-paid industry of middlemen, accountants, lawyers and banks that provide cover, set up financial structures and shuffle assets on their clients’ behalf.

Documents obtained by ICIJ show how two top Swiss banks, UBS and Clariden, worked with TrustNet to provide their customers with secrecy-shielded companies in the BVI and other offshore centers.

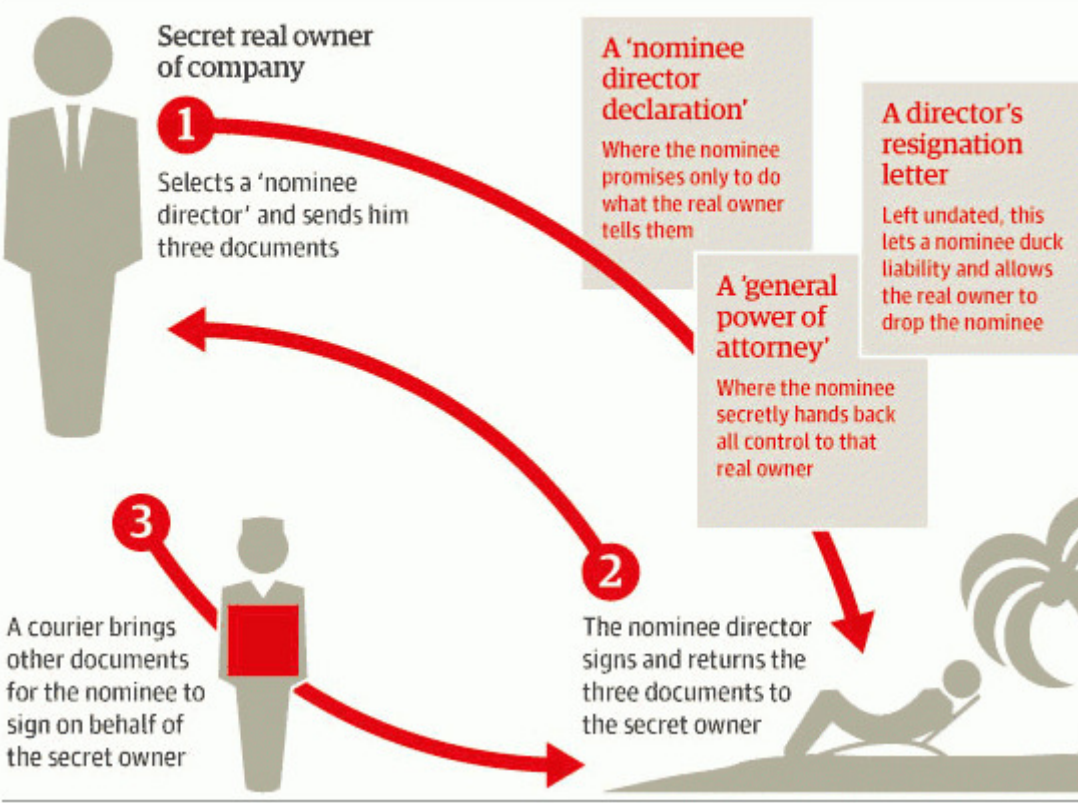
Clariden, owned by Credit Suisse, sought such high levels of confidentiality for some clients, the records show, that a TrustNet official described the bank’s request as “the Holy Grail” of offshore entities — a company so anonymous that police and regulators would be “met with a blank wall” if they tried to discover the owners’ identities.

Clariden declined to answer questions about its relationship with TrustNet. “Because of Swiss banking secrecy laws, we are not allowed to provide any information about existing or supposed accountholders,” the bank said. “As a general rule, Credit Suisse and its related companies respect all the laws and regulations in the countries in which they are involved.”

A spokesperson for UBS said the bank applies “the highest international standards” to fight money laundering, and that TrustNet “is one of over 800 service providers globally which UBS clients choose to work with to provide for their wealth and succession planning needs. These service providers are also used by clients of other banks.”

TrustNet describes itself as a “one-stop shop” — its staff includes lawyers, accountants and other experts who can shape secrecy packages to fit the needs and net worths of its clients. These packages can be simple and cheap, such as a company chartered in the BVI. Or they can be sophisticated structures that weave together multiple layers of trusts, companies, foundations, insurance products and so-called “nominee” directors and shareholders. When they create companies for their clients, offshore services firms often appoint faux

How the BVI nominee system works



directors and shareholders — proxies who serve as stand-ins when the real owners of companies don’t want their identities known. Thanks to the proliferation of proxy directors and shareholders, investigators tracking money laundering and other crimes often hit dead ends when they try to uncover who is really behind offshore companies.

An analysis by ICIJ, the BBC and The Guardian identified a cluster of 28 “sham directors” who served as the on-paper representatives of more than 21,000 companies between them, with individual directors representing as many 4,000 companies each. Among the front men identified in the documents obtained by ICIJ is a U.K.-based operative who served as a director for a BVI company, Tamalaris Consolidated Limited, which the European Union has labeled as a front company for the Islamic Republic of Iran Shipping Line. The E.U., the U.N. and the U.S. have accused IRISL of aiding Iran’s nuclear-development program.

Thousands of offshore entities are headquartered on this building's third floor, which houses TrustNet’s Cook Islands office. Photo: Alex Shprintsen

‘Zone of Impunity’

International groups have been working for decades to limit tax cheating and corruption in the offshore world.

In the 1990s, the Organization for Economic Cooperation and Development began pushing offshore centers to reduce secrecy and get tougher on money laundering, but the effort ebbed in the 2000s. Another push against tax havens began when U.S. authorities took on UBS, forcing the Swiss bank to pay \$780 million in 2009 to settle allegations that it had helped Americans dodge taxes. U.S. and German authorities have pressured banks and governments to share information about offshore clients and accounts and UK Prime Minister David Cameron has vowed to use his leadership of the G8, a forum of the world’s richest nations, to help crack down on tax evasion and money laundering.

Promises like those have been met with skepticism, given the role played by key G8 members — the U.S., the U.K. and Russia — as sources and destinations of dirty money. Despite the new efforts, offshore remains a “zone of impunity” for anyone determined to commit financial crimes, said Jack Blum, a former U.S. Senate investigator who is now a lawyer specializing in money laundering and tax fraud cases.

“Periodically, the stench gets so bad somebody has to get out there and clap the lid on the garbage can and sit on it for a while,” Blum said. “There’s been some progress, but there’s a bloody long way to go.”

Who Uses the Offshore World

Government officials and their families and associates in Azerbaijan, Russia, Canada, Pakistan, the Philippines, Thailand, Mongolia and other countries have embraced the use of covert companies and bank accounts.

The mega-rich use complex offshore structures to own mansions, yachts, art masterpieces and other assets, gaining tax advantages and anonymity not available to average people. Many of the world’s top’s banks — including UBS, Clariden and Deutsche Bank — have aggressively worked to provide their customers with secrecy-cloaked companies in the British Virgin Islands and other offshore hideaways.

A well-paid industry of accountants, middlemen and other operatives has helped offshore patrons shroud their identities and business interests, providing shelter in many cases to money laundering or other misconduct.

Ponzi schemers and other large-scale fraudsters routinely use offshore havens to pull off their shell games and move their ill-gotten gains.

Secret records obtained by the International Consortium of Investigative Journalists

Secret records obtained by the International Consortium of Investigative Journalists reveal tens of thousands of people in more than 170 countries and territories linked to offshore companies and trusts. Here are some examples from around the world:

Georgia

Bidzina Ivanishvili

Prime MinisterBidzina Ivanishvili

Details: Georgia’s richest man, with a net worth estimated by Forbes magazine at more than \$5 billion. Was elected prime minister in October 2012, straight from the business world.

Offshore business: Director of Bosherton Overseas Corp. in the British Virgin Islands (2006). The company is still in existence, according to BVI records.

Comment: “For the reporting period of 2011-2012 Prime Minister Ivanishvili had no interest in the company you have mentioned in your inquiry and therefore there was no obligation to report it in his declaration. The Prime Minister takes these reporting requirements seriously and everything is done according to the law,” a spokesman said.

France

Jean-Jacques AugierJean-Jacques Augier Publisher

Details: Campaign treasurer of François Hollande for the 2012 presidential elections. They studied together at the prestigious National School of Management (ENA). He’s also chief executive officer of investment holding company Eurane SA, mainly focused on the publishing field.

Offshore business: Shareholder — through Eurane SA — and director of International Bookstores Ltd (2005) in the Cayman Islands.

Comment: Jean-Jacques Augier said he used the company to do a large investment in China in 2005. One of his partners in the offshore firm was Xi Shu, a businessman and a member of the Chinese People’s Political Consultative Conference, a political advisory body in China dominated by the Communist Party but with representatives from other parties and organizations.

Mongolia

Bayartsogt SangajavBayartsogt Sangajav Politician

Details: Became his country’s finance minister in September 2008, a position he held until a cabinet reshuffle in August 2012. During those years he attended international meetings and served as a governor of the Asian Development Bank, pushing the case for his poor nation to receive foreign development assistance and investment. He was at the forefront of encouraging foreign mining and other companies to move into Mongolia. He currently serves as deputy speaker of the Mongolian Parliament.

Offshore business: Bayartsogt Sangajav controlled Legend Plus Capital Limited, an offshore company administered from Hong Kong but incorporated in the British Virgin Islands (2008). The documents show the company was used to open a secret Swiss bank account, controlled by Bayartsogt, just months before he was appointed his country’s minister of finance.

Comment: Bayartsogt said the company and the bank account were set up as a syndicate by him and three unnamed business friends to trade in stocks. Both the bank account and the company remain in his name, and he did not declare them to Parliament, something he now describes as a “mistake.” He said he was considering resigning from Parliament over the issue.

Venezuela

José Eliecer Pinto GutiérrezArmy General

Details: Top commander in the Amazonas state, overseeing security in the Venezuela-Colombia border.

Offshore business: Shareholder, director and secretary of Romana International Holdings, Ltd. (2003-2006) in the British Virgin Islands.

Comment: Pinto Gutiérrez could not be reached for comment.

Myanmar/Burma

Aye Zaw Win

Son-in-law of Burma's former dictator Ne Win

Details: General Ne Win was a military strongman who ruled Burma during three decades, 1962-1988. His family became wealthy through business activities including forestry and fisheries.

Offshore business: Shareholder of Compass Point Finance Limited (1996) and Sky-Link Communications Ltd. (1997) in the British Virgin Islands. The companies were transferred to another offshore service provider, but the records do not provide a date.

Comment: Aye Zaw Win could not be reached for comment despite multiple attempts.

South Africa/Zimbabwe

"Billy" RautenbachMuller Conrad "Billy" Rautenbach Businessman

Details: Zimbabwean millionaire with close links to the Mugabe regime. The United States blacklisted him saying he has helped organized huge mining projects in Zimbabwe that “benefit a small number of corrupt senior officials.” Rautenbach fled South Africa in 1999 after being accused of fraud. The charges lodged personally against him were dismissed, but a South African company he controlled pleaded guilty to criminal charges and paid a fine of roughly \$4 million.

Offshore business: Shareholder of Artemis Group, LTD. (2006) in the British Virgin Islands. Comment: Rautenbach denies U.S. authorities’ allegations, contending that they made “significant factual and legal errors” in their blacklisting decision, his attorney, Ian Small Smith, said. Smith said Rautenbach’s BVI company was set up as “special purpose vehicle for investment in Moscow” and that it complied with all disclosure regulations. The company is no longer active.

Azerbaijan

Ilham AliyevIlham Aliyev, Mehriban Aliyeva, Arzu Aliyeva and Leyla Aliyeva Ruling family

Details: Ilham Aliyev is the president of Azerbaijan and Mehriban Aliyeva is his wife. Arzu and Leyla are the couple's daughters. The Aliyev family, beginning with Ilham's father, Heydar Aliyev, has held power in Azerbaijan almost without interruption since the late 1960s.

Offshore business: Ilham Aliyev and Mehriban Aliyeva were directors of Rosamund International Ltd (2003) in the British Virgin Islands. Arzu Aliyeva was a director and shareholder of BVI company Arbor Investments (2008). Leyla Aliyeva was director and shareholder of LaBelleza Holdings Ltd. (2008) and Harvard Management Ltd. (2008) both in the BVI.

Comment: Ilham Aliyev, Mehriban Aliyeva, Arzu Aliyeva and Leyla Aliyeva did not respond to ICIJ’s requests for comment.

United States

Denise RichDenise Rich Songwriter

Details: Ex-wife of the United States’ most famous tax fugitive, Marc Rich, who was controversially pardoned by former President Bill Clinton on Clinton’s last day in office. She is a Grammy-nominated songwriter, having written chart-topping songs for the likes of Sister Sledge and Celine Dion. In 2012, Rich resigned her U.S. citizenship. Offshore business: Settlor and beneficiary of The Dry Trust (1992) and director of DTD Limited (2007), both in the Cook Islands.

Comment: Denise Rich did not respond to a request for comment.

Indonesia

Eka Tjipta Widjaja Eka Tjipta Widjaja Businessman

Details: Head of Indonesia’s second richest family (2012), owns rainforest-clearing Asia Pulp and Paper and world’s second largest palm oil plantations. Offshore business: Beneficial owner, through his Sinar Mas conglomerate, of various pulp and palm oil British Virgin Islands and Labuan offshore companies

Comment: Widjaja did not respond to a request for comment.

Thailand

Potjaman Na PombejraPotjaman Na Pombejra Former Thai first lady

Details: Former wife of Thailand’s ousted Prime Minister Thaksin Shinawatra. Potjaman and Shinawatra obtained a high-profile divorce at the Thai consular office in Hong Kong in 2008. Two years later, about \$1.4 billion of Shinawatra’s family assets were seized after he was found guilty by the Supreme Court of corruption and abuse of power to benefit his family’s telecommunication company, Shin Corporation, while he was prime minister.

Offshore business: Potjaman Na Pombejra acquired an offshore company called Premium Select Inc. (2007) in the British Virgin Islands, and soon after she was listed as the sole beneficial owner. The company was set up through the service of UBS AG Singapore.

Comment: Potjaman’s lawyer, Somporn Pongsuwan, did not return several phone calls seeking information on the offshore entity.

Fiji

Fred Marafono Fred Marafono Mercenary

Details: Ex-British SAS, he was involved in security work and diamond mining during the Sierra Leone civil war.

Offshore business: Director of Hinterland Mining Brokers Limited (1997-2000) in the Cook Islands.

Comment: Marafono passed away on March 27; earlier attempts to reach him for comment were unsuccessful.

Canada

Tony MerchantE.F. Anthony “Tony” Merchant Trial lawyer

Details: A former politician, he is married to Canadian senator Pana Merchant. He has been involved in a number of high-volume class action suits, including a \$1.9 billion settlement with the Canadian government on behalf of native groups over abuse of students in resi-



dential schools. Merchant has had repeated battles with the Canadian revenue agency over his tax payments. He has also been disciplined by the Law Society for "conduct unbecoming of a member."

Offshore business: Beneficiary (1998-2002), settlor and protector of the Merchant (2000) US Inc Trust (incorporated 1998) in the Cook Islands. His wife, Canadian senator Pana Merchant, is a beneficiary of the trust.

Comment: Anthony and Pana Merchant declined to comment.

Kazakhstan

Mukhtar AblyazovMukhtar Ablyazov Businessman

Details: Ablyazov stands accused of embezzling up to \$5 billion from a state-owned Kazakhstan bank in what British media describe as the biggest fraud in history.

Offshore business: An individual later named in U.K. court documents as a front man for Mukhtar Ablyazov set up 31 companies in 2006 and 2007 in the British Virgin Islands.

Comment: Ablyazov's attorneys in London did not respond to a request for comment. Ablyazov has denied the fraud allegations in the past.

Philippines

Imee MarcosMaria Imelda Marcos Manotoc Politician

Details: Daughter of former Philippines dictator Ferdinand Marcos and at present governor of the province of Ilocos Norte.

Offshore business: Beneficiary and investment advisor to Sintra Trust (2002) in the British Virgin Islands. She was also a financial advisor for a company in which the Sintra Trust was a shareholder, ComCentre Corporation (2002), and a “master client” for the M Trust in Labuan, Malaysia (2007-2009).

Comment: Manotoc did not respond to a request for comment.

Kuwait

Sheik Sabah Jaber Al-Ali Al-SabahSheik Sabah Jaber Al-Ali Al-Sabah and two relatives Members of Kuwait's ruling family

Details: Sheik Sabah Jaber Al-Ali Al-Sabah has headed the Kuwaiti Public Ports Authority. He and his brother are sons of Kuwait’s former deputy prime minister

Offshore business: He or his relatives are shareholders in two British Virgin Islands companies CIC Realty, Inc and Capital Investment Company Group, Ltd for seven years until 2002

Comment: Sheik Sabah Jaber Al-Ali Al-Sabah did not respond to a request for comment

Colombia

Alvaro Uribe and his sons.Tomás Uribe Moreno and Jerónimo Alberto Uribe Moreno Businessmen

Details: Sons of former Colombian president, Alvaro Uribe. During their father’s eight years in office, they were accused of influence-peddling in two high-profile scandals, including in a case in which they acquired land in an area whose value skyrocketed after authorities granted it tax-free status. They were acquitted in both cases but prosecutors have started investigating new leads related to the land acquisitions.

Offshore business: Shareholders of Asia America Investment Corporation (2008) in the British Virgin Islands.

Comment: A lawyer for Tomás and Jerónimo Uribe Moreno, Jaime Lombana, said the company was created with the purpose of selling Colombian handicrafts abroad but the business never took off. The company was incorporated in the BVI because one of the partners in the venture lived there, said Lombana. The firm, he said, “didn’t produce any income.”

Djibouti

Abdourahman "Charles" Boreh Abdourahman "Charles" Boreh Businessman and politician

Details: One of Djibouti's most wealthy and powerful businessmen and a 2011 presidential election candidate. He is exiled in Dubai.

Offshore business: Beneficial owner of Net Support Holdings Ltd (2007) in the British Virgin Islands and Value Additions Ltd (2007) in Samoa

Comment: Boreh said he uses his offshore companies to steer his many investments worldwide and to protect his assets from potential political instability.

Spain

Carmen Thyssen-BornemiszaCarmen Thyssen-Bornemisza Art collector and philanthropist

Details: Former Miss Spain and widow of a German-Hungarian baron, she’s one of the world’s top art collectors. Her hundreds of works of art ranging from Van Gogh to Goya are exhibited in museums in Madrid, Barcelona and Málaga.

Offshore business: Beneficial owner of Sargasso Trustees Limited (1996-2004) and shareholder of Nautilus Limited (incorporated 1994) in the Cook Islands.

Comment: Carmen Thyssen-Bornemisza’s lawyer acknowledged that she gains tax benefits by holding ownership of her art offshore, but stressed that she uses tax havens primarily because they give her “maximum flexibility” when she moves art from country to country.

UkraineDmytro FirtashDmytro Firtash Businessman

Details: Co-owns RosUkrEnergo, a partnership with Gazprom, the Russian natural gas giant.

U.S. law enforcement officials and diplomats have linked him to arms and drug trafficking and to reputed Russian mob boss Semion Mogilevich.
Offshore business: Shareholder and director (since 2007) in Group DF Limited (incorporated in 2006) in the British Virgin Islands, which became a holding company for Firtash’s interests in energy, chemicals and real estate.
Comment: Firtash could not be reached for comment.

Pakistan
Moonis ElahiMoonis Elahi
Legislator

Details: Son of Chaudry Pervez Elahi, who until last month was Pakistan’s deputy prime minister. The Chaudry family has had a powerful role in the country’s politics for the past five decades. In 2010, Moonis Elahi was accused of receiving illicit payments as part of an alleged land scam. He was later acquitted amidst what Pakistan’s Supreme Court said was intense government interference in the investigation.
Offshore business: Shareholder and director of Olive Groves Assets Ltd. (2006) in the British Virgin Islands.
Comment: Moonis Elahi denied that he owns or controls Olive Grove Assets Ltd. He did not answer whether he had owned the firm in the past. ICIJ verified Elahi’s connection to the firm through the address listed for the politician in the corporate records, which is that of the Chaudry family residence in Lahore.

Saudi Arabia
Hassan Mohammed and Fady Mohammed JameelHassan
Mohammed and Fady Mohammed Jameel
Businessmen

Details: Sons of one of the richest men in Saudi Arabia and executives in Abdul Latif Jameel Group, one of the world’s largest Toyota dealers, with operations in the Middle East, UK, Central Asia and China.
Offshore business: Directors (2002-2003) of Costa Azzoura Limited (incorporated in 2002) and directors (2004-2009) of Hillbeck Limited (incorporated in 2004) in the British Virgin Islands. Hassan was also shareholder of Hillbeck Limited (since 2004).
Comment: The Director of Business Development at the Abdul Latif Jameel Group, Farooq Vaid, said the Jameel brothers were not related to the offshore companies as directors or shareholders. He acknowledged knowing about the entities but didn’t want to confirm any further details. “These are privately held companies and nobody has the right to know,” he told ICIJ. Internal records show Vaid was shareholder of Costa Azzoura Limited and shareholder and director of Hillbeck Limited. He is also related to five more BVI companies — in one case as shareholder and in the other four cases as director. The Abdul Latif Jameel Group address in Jeddah is mentioned in most of the company records obtained by ICIJ.

Malaysia
Mirzan Bin Mahathir
Businessman

Details: Son of Dr. Mahathir Mohamad, the longest-serving prime minister of Malaysia (1981-2003), who modernized the country under an autocratic rule. Mahathir Mohamad was accused of abusing his extensive political powers to enrich his family and key business associates. Mirzan is a prominent entrepreneur, with directorships in various companies in Malaysia and internationally.
Offshore business: Shareholder and director of Utara Capital Limited (1997), Crescent Energy Limited (2003), and Al Sadd Investments Pte. Ltd. (2009) in Labuan.
Comment: An aide for Mirzan told Malaysiakini and ICIJ that Mirzan could not answer questions because he was out of town.

Italy
Fabio GhioniFabio Ghioni
Hacker

Details: Former head of information security at Telecom Italia, arrested in 2007 for leading a unit that illegally obtained data of 4,000 people, including politicians and journalists. In 2012 the Supreme Court of Cassation confirmed his 2010 plea bargain and his sentence of 3 years and 4 months in prison.
Offshore business: Owner of Constant Surge Investments Ltd (2006) in the British Virgin Islands.
Comment: Fabio Ghioni denied being the owner of Constant Surge Invesments Ltd. “The BVI? I don’t know where they are located!” he said on the phone. ICIJ verified Ghioni’s connection to the BVI firm through the address he used upon incorporation of the company which is that of his personal residence in Milan. The corporate files also include annotations describing Ghioni’s occupation at the time.

Brazil
Clarice, Leo and Fabio Steinbruch
Businessmen

Details: Members of one of Brazil’s richest families, which owns large steel and textile companies and a bank.
Offshore business: Shareholders and directors of Peak Management Inc. (2007) in the British Virgin Islands.
Comment: Leo Steinbruch told ICIJ that “Peak Management exists, is active, it’s been declared on its owners’ tax forms and has been duly disclosed to the Brazilian Central Bank as

a Brazilian investment abroad.”
India
Ravikant RuiaRavikant Ruia
Businessman

Details: In December 2011, he was accused of criminal conspiracy by India’s principal anti-corruption enforcement agency, the Central Bureau of Investigation. The accusation relates to a broader investigation of politicians, government officials and telecom executives in India for alleged irregularities in the award of cell phone frequencies to telephone companies. Ruia’s firm is disputing the charges made against him and others.
Offshore business: Shareholder in one firm in the British Virgin Islands, Orion Worldwide Universal Corporation (2008). His daughter, Smiti, is a shareholder in two others. One of Ruia’s flagship companies, Essar Power, has further BVI entities that are named in the ICIJ documents.
Comment: A company spokesman said that of the eight companies registered in Ruia’s name as well as in the name of his flagship business Essar Power, five have since been liquidated. Three continue to be operational. “These companies were started as SPVs [Special Purpose Vehicles] to make investments and are in the knowledge of the authorities concerned,” the spokesman added.

Mexico
Dionisio Garza MedinaDionisio Garza Medina
Businessman

Details: His family co-owns Alfa, a conglomerate with interests in oil, food and telecommunications.
Offshore business: Shareholder of Vercors Private Limited (2005) in Singapore.
Comment: Garza Medina did not respond to a request for comment. A spokesman for Alfa, of which Garza Medina was CEO until 2010, declined to answer questions saying this is a “private matter of Mr. Garza not related to Alfa.”

Greece
Apostolos VakakisApostolos Vakakis
Businessman

Details: CEO of the retail conglomerate Jumbo SA, one of Greece’s largest companies.
Offshore business: Shareholder of Karpathia Ltd. (2007) in the British Virgin Islands. Company transferred to another offshore service provider in 2009.
Comment: “I have declared officially all without exception my transactions that should be announced in public, as provided by relevant Greek legislation. ... One does not use a legal entity in order to hide the identity of the beneficial owner by using shadow names but to be able to complete a transaction in a straightforward manner,” said Vakakis.

Jordan
The Shoman familySuha, Omar and Aysha Shoman
Widow and children of one of Jordan’s richest families

Details: The family’s father, Khalid Shoman, was — until his death in 2001 — vice-chairman of the Arab Bank Group, one of the main banks in the Arab world, founded by his father. Omar sold their share of the bank for about \$375 million in 2003.
Offshore business: Omar and Aysha are shareholders — jointly or on their own — of 12 companies in the British Virgin Islands, including OS Investments Inc. (2002), OAKS Inc. (2003), Fisch Investments Inc. (2005) and OS Tech Inc. (2006). Their mother is connected with two of the firms as a shareholder and one as a director. Most entities were transferred to another offshore service provider between 2007 and 2009.
Comment: Omar Shoman didn’t reply to requests to comment through his assistant and email. The ICIJ could not locate Aysha Shoman and could not reach Suha Shoman on the phone despite several attempts.

Tanzania
Mehbub Yusufali ManjiMehbub Yusufali Manji
Businessman

Details: The Manji family is one of the richest in Tanzania. It started Quality Group Limited, the country’s major conglomerate with interests ranging from automotive to food processing.
Offshore business: Director and shareholder of Intertrade Commercial Services Inc. (2007-2009) in the British Virgin Islands.
Comment: Yusuf Manji, chairman and CEO of the company, did not reply to ICIJ’s emailed request for comment. The contact address in the records is that of the company in Dar-Es-Salaam.

RELEASE OF OFFSHORE
RECORDS DRAWS
WORLDWIDE RESPONSE

ICIJ’s investigative series on offshore secrecy — which draws from a cache of 2.5 million secret records — has ignited reactions around the globe.
In the 48 hours since the initial release of stories by the ICIJ and its media partners across the world, public officials have issued statements, governments have launched investigations, and politicians and journalists have been debating the implications of the records and the reporting.

People named in ICIJ expose
being probed, says
P. Chidambaram

Reacting to the International Consortium of Investigative Journalists (ICIJ)-Indian Express expose on bank accounts held by Indians in British Virgin Islands (BVI) and other tax havens, Finance Minister P. Chidambaram on Saturday said an inquiry had been initiated by the authorities against individuals whose names figured in the global media report.
“Yes. We have taken note of the names and inquiries have been put in motion in respect of the names that have been exposed,” he said at a press conference when asked if the government had taken any action on the report, which named 612 Indians having bank accounts in the identified tax havens.



In its worldwide expose, the ICIJ revealed banking details of about 2.5 lakh individuals and entities from over 170 countries, including the 612 from India.
On ‘Cobrapost’ sting operations that alleged facilitation of money laundering means by some officials of the ICICI Bank, Axis Bank and the HDFC Bank, Mr. Chidambaram noted that the Reserve Bank was seriously looking into the matter and stern action would be taken in case of violation of any tax law.
“[The] RBI is seriously looking into the matter...my officers have taken a look at ... sting.. They have drawn some conclusions, we are looking into it. If violation is found [with regard to tax laws], stern action will be taken,” he said.
The Minister maintained that on the face of it, as no real money was transacted and no real money laundering deals took place with any real person, there was no violation of provisions of the Income Tax Act, 1961. However, some other laws may have been violated and that was being looked into.

Among the reactions and responses:
The Indian Finance Minister P. Chidambaram said an inquiry had been initiated by the authorities against individuals whose names figured in the global media report. “Yes. We have taken note of the names and inquiries have been put in motion in respect of the names that have been exposed,” he told a press conference.
Philippine government officials said they will investigate evidence that Maria Imelda Marcos Manotoc, a provincial governor and daughter of the late dictator Ferdinand Marcos, was the beneficiary of a secret BVI offshore trust.
George Mavraganis, the Deputy Finance Minister of Greece announced that the Greek government is moving to address offshore-driven tax dodging. Greek members of parliament asked Mavraganis what he planned to do about the 103 offshore companies that ICIJ found hadn’t been registered with Greece’s tax authorities. George Sourlas from Greece’s Ministry of Justice said the revenue loss caused by offshore was huge. “By the actions of offshore companies in Greece, the revenue loss to the Greek government is in the order of 40% or more of the debt of our country,” Sourlas said. “The offshore companies cast a shadow at this time of great crisis, when some get rich and many get poor.”
In France, President Francois Hollande denied knowledge of the offshore accounts held by his 2012 campaign manager, Jean-Jacques Augier, asserting that it’s up to the tax administration to monitor Augier’s private activities. Reports about Augier’s offshore dealings by Le Monde, the BBC and other ICIJ partners came in the wake of news about tax fraud charges against Hollande’s ex-budget Minister, Jerome Cahuzac.
The office of Azerbaijani President Ilham Aliyev asserted there was nothing unusual about the information in the leak — which showed that his two daughters were shareholders of three offshore companies. The statement said the President’s daughters “are grown up and have the right to do business.” A spokesperson for Azersun — a holding company controlled by Hasan Gozal, a corporate mogul who was listed as the director of the daughters’ companies — said the report was biased and based on inaccurate information. “I regret that authority of Press Council doesn’t go beyond Azerbaijan and there is no such institution worldwide to fight racketeer journalists,” the spokesman said.
Ex-Colombian President Álvaro Uribe Vélez publicly defended his sons’ involvement in offshore business. Uribe stated that his sons Tomás and Jerónimo are entrepreneurs and “have participated in business dealings since they were children” and “they are not tax evaders.” In the UK, David Cameron is facing renewed pressure to take action over Britain’s entanglements within the offshore world. Lord Oakeshott, a senior Liberal Democrat said that the secrecy haven of the British Virgin Islands “stains the face of Britain.” Oakeshott and others are questioning whether Cameron will raise the issue in June of at the G8 summit of wealth nations. "How can David Cameron keep a straight face calling for the G8 to make big business pay tax when we let the BVI use British law and British protection to suck in billions in dirty money?" Oakeshott asked.
German Finance Minister Wolfgang Schäuble stated on public radio that he was “pleased” with the ICIJ reports. He went on to say, “I think that such things as have been made known will increase the pressure internationally, and we will be able to increase the cooperation with those who have been more reticent”, a sentiment reflected in Germany’s previous lobbying to stamp out tax avoidance.
Canadian Federal Revenue Minister Gail Shea called the released of offshore banking information as “good news” for Canadians and bad news for tax evaders. Ms. Shea urged ICIJ or anyone else with information on tax cheats to come forward.
Pascal Saint-Amans, director of the Organization of Economic Cooperation and Development, said: "Secrecy is no longer acceptable. We need to get rid of it. If the rules make it possible, then we'll change the rules."



CYPRUS HAS AGREED A 10BN EUROS BAILOU

C.S. Rajput

Cyprus has agreed a 10bn euros bailout with the European Union and the International Monetary Fund (IMF) in an attempt to stave off the collapse of its banking sector and the wider economy.

Cyprus has agreed to a significant restructuring of its banking sector, along with other measures such as tax rises and privatisations.

The measures are designed to raise billions towards the bailout, but protect bank customers with deposits of 100,000 euros or less.

Cyprus's second largest bank - Laiki Bank - will be closed down and deposits above 100,000 euros moved into a "bad bank". Deposits below 100,000 euros will be moved into Bank of Cyprus, the country's biggest bank, which is being significantly restructured.

Deposits at Bank of Cyprus of more than 100,000 euros are being frozen.

At both banks, deposits above 100,000 euros will be used by the government to contribute billions towards the bailout. It is not clear how much of the money will be taken, but a government spokesman has suggested customers should expect about 40% of the balance to be converted into bank shares.

What about the bank levy?

In the original EU-IMF deal, all customers of Cypriot banks were to face a one-off tax on their deposits, starting at 6.75% for the smallest deposits.

That was designed to raise 5.8bn euros towards the cost of the bailout. But it proved hugely unpopular with the Cypriot public and was voted down by Cyprus's parliament.

There is no bank levy in the new deal, but the bank restructuring measures mean deposits over 100,000 euros will effectively be used to pay the bulk of the 5.8bn euro bill.

The measures cannot be voted down by Cyprus's parliament, as new bank restructuring laws have already been agreed and voted through by MPs.

Why are there capital controls?

After being closed for almost two weeks, Cyprus' banks have reopened - but with strict controls on how much money can be withdrawn.

This is to prevent a bank run, where customers try to withdraw all their money at once due to a lack of confidence in the banking sector. In the past, bank runs have caused banks to collapse.

In Cyprus, customers are limited to withdrawing 300 euros a day, taking no more than

1,000 euros in cash on trips out of the country, and transferring no more than 5,000 euros a month on debit or credit cards.

Bigger transactions need the approval of Cypriot authorities.

The measures were due to stay in place for just a few days, but Cypriot authorities are already indicating that they are likely to keep them in place for longer. Iceland introduced temporary capital controls in 2008, which are still in place today.

Are the UK operations of Cypriot banks affected?

Bank of Cyprus UK has 50,000 UK customers. Although it is a subsidiary of Bank of Cyprus, it is a separately incorporated UK bank and depositors are protected by the UK's Financial Services Compensation Scheme (FSCS), which covers savings up to £85,000. It said the crisis in Cyprus would have no effect on its deposits.

Laiki Bank has four branches in Britain and serves 13,000 customers.

Unlike Bank of Cyprus UK, its UK operations are directly controlled from Cyprus, and so are not covered by the FSCS. It says deposits up to 100,000 euros are guaranteed and customers are free to make withdraws if they wish.

However, the UK Finance Minister, George Osborne, says the UK government is in talks with Cypriot authorities to find "a British solution" to Laiki's UK branches.

So is the crisis over?

Not necessarily. In the short term, the risk of the Cypriot banking sector collapsing has receded, and the bailout funds will allow the government to pay its own debts and undertake the restructuring of the banks without facing economic collapse or exiting the euro.

But in other respects the outlook is less certain. Cyprus must enact tough austerity measures to rebuild its economy, and regain trust among investors in its banking sector and government. It is unclear whether the Cypriot public, angered by how the crisis has been handled so far, will support that.

It is also unclear how much trust is left in Cyprus's banks, and so when fears over a bank run will recede.

Finally, the whole episode has damaged confidence in European authorities' ability to handle economic crises.

What went wrong in Cyprus?

Before the financial crisis struck in 2008, Cyprus was seen to have a healthy economy, with high growth, low unemployment and

sound public finances.

But during the good years, the island's banking sector grew rapidly. By 2011, the IMF reported that their assets - which include all the loans they have made - were equivalent to 835% of annual national income, or GDP. A chunk of that is down to foreign-owned banks, but those that are Cypriot had made loans to Greek borrowers worth 160% of Cypriot GDP.

When Greece became engulfed in crisis in 2010, Cypriot banks were hit hard, and the government did not have the money to bail them out itself. Government finances have been further weakened by slow economic growth and international lenders have stopped offering loans.

Negotiations on a bailout with the EU were delayed by the previous socialist government. President Nicos Anastasiades, a conservative who favoured a swift agreement with Europe, assumed office in late February.

Why was a bank levy considered?

When countries get an international bailout, they are often expected to contribute to the solution by raising funds themselves, usually by increasing taxes or selling state-owned assets.

The levy on bank deposits was designed to play the same role. It was intended to reduce the size of the bailout and therefore the amount of new debt Cyprus had to take on.

But there is almost certainly a political aspect, too. In the eurozone, there are concerns about money-laundering in Cyprus and the presence of large amounts of Russian-owned money in the banks. Germany is reputed to be especially unhappy about the idea of using European taxpayers' money to rescue them.

Experts say the decision to target ordinary savers came about because Cypriot banks have fewer private bondholders than banks in other eurozone countries. In the Greek bailout, it was private bondholders who had to take a "haircut" - a slice out of their investment.

However, the deal provoked outrage in Cyprus, parliament promptly voted against it, and it is increasingly seen as a blunder by European and Cypriot authorities.

Background of crisis

Following the United States' subprime mortgage crisis in 2007-2008, which led to a domino effect of negative consequences in the global economy, the Cypriot economy

contracted by 1.67% in 2009, largely due to a sharp fall in its tourist and shipping sectors.

Following the contraction, Cyprus experienced continuous increasing unemployment, and thus entered into a recession. From 2010 to 2012 the economic growth of the country has been weak, meaning that the Cypriot economy has yet to recover to its pre-2009 condition.

Increasing unemployment contributed to an increasing state debt as expenditure on unemployment benefits kept increasing. Following the decision of the European Union for a haircut upwards of 50% on Greek bonds in 2011, in which Cypriot banks had invested heavily, the Cypriot financial system was unable to absorb the cost. The disproportionate size of the financial sector in relation to the rest of the Cypriot economy meant that a possible collapse of the Cypriot banks would have catastrophic results for the economy. The Cypriot state, unable to raise liquidity from the markets to support its financial sector, requested a bailout from the European Union.

In September 2011, the credit rating of Cyprus was downgraded by all major credit rating agencies following the Evangelos Florakis Naval Base explosion in July 2011, which occurred within a period of slow progress for the fiscal and structural reforms.

At the same time yields on its long-term bonds rose above 12%. Despite its low population and small economy, Cyprus has a large off-shore banking industry that was shaken to its foundations during the financial turmoil. With a total nominal GDP of €19.5bn (\$24bn) the country was unable to stabilize its banks, which had amassed €22 billion of Greek private sector debt and were disproportionately hit by the haircut taken by creditors. According to reports in the magazine

Newsweek bank deposits from Russian business corporations total \$60bn out of a total deposits of \$120bn. The situation is also compounded by the fact that Russian oligarch Dmitry Rybolovlev owns a 10% shareholding of Bank of Cyprus.

A report published in April 2012 by a team of 16 Cypriot economists, organized by the citizens group Eleutheria ("Freedom"), attributes the causes of the crisis to sliding competitiveness and also to increasing public and private debt, which were both exacerbated by the banking crisis.

EDITORIAL

DEVELOP INDIA

English Weekly Newspaper
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INDIA tops the list of black money in the entire world

While there is no official estimate available for the magnitude of India's black money, unofficial estimates put the figure at around \$1.4 trillion (over Rs 70 lakh crore). This amount is more than one year's GDP of India. Most of this money has been stashed away in banks in 'tax havens' abroad over the last 60 years by corrupt politicians, industrialists, bureaucrats and middlemen.

The bulk of India's black money is stashed away in secret bank accounts in Switzerland, according to data provided by the Swiss Bankers Association. India has more black money than rest of the world combined. India tops the list with almost \$1,456 billion in Swiss banks, followed by Russia \$470 billion, the UK \$390 billion, Ukraine \$100 billion and China, with \$96 billion. Indian Swiss bank account assets are worth 13 times the country's national debt.

India is ranked 6th on the black money top-ten countdown for illicit outflows monitored during 2002-2006. The estimated average amount stashed away annually from India during 2002-2006 is \$27.3 billion. Switzerland is the top destination for illegal funds because of its strict secrecy laws. Also, Swiss banks sell additional masks to hide the identity of their rich clients, like trusts in the Cayman islands, shell companies in Panama, or foundations in Liechtenstein, all run by nominees.

Political and bureaucratic corruptions in India are major concerns. Transparency International, an international organisation that ranks countries on a Corruption Perception Index (CPI), ranked India 86th out of the 180 countries ranked by it in 2009. The CPI rates countries on a scale of zero to 10, with zero indicating high levels of corruption and 10, low. India's CPI score was a measly 3.4 out of 10, indicating fairly large levels of corruption. A 2005 study conducted by the organisation found that more than 15 per cent of Indians had first-hand experience of paying bribes or influence peddling to successfully complete jobs in public office. Taxes and bribes are a fact of daily life and common between state borders. Transparency International estimates that truckers pay US\$5 billion in bribes annually. According to Transparency International, judicial corruption in India is attributable to factors such as "delays in the disposal of cases, shortage of judges and complex procedures, all of which are exacerbated by a preponderance of new laws".

A 2009 survey of the leading economies of Asia, revealed Indian bureaucracy to be not just least efficient out of Singapore, Hong Kong, Thailand, South Korea, Japan, Malaysia, Taiwan, Vietnam, China, Philippines and Indonesia; further it was also found that working with India's civil servants was a "slow and painful" process.

The total share in FDI of Mauritius is 55,203 million or Rs 2,47,092.30 crore. Indeed, they are believed to be the ones leading the boom in the stock markets. But the Mauritius angle does not end there. Reports in the financial media indicate that a substantial part of FII investment is believed to be coming from Non-resident Indians (NRIs) bringing back funds to participate in the ongoing speculative orgy in the Indian stock markets, much of which is said to be routed through Mauritius-based paper companies. Black money stashed by Indian abroad has found way in India through this route. The Capital Gains Tax exemption giving to this Tax Haven has given the national exchequer on account of lost capital gains tax in the decade ending 2003 would amount to a whopping Rs 28,139 crore. Even if it is an admitted policy of the state to woo foreign capital at any cost, the question is whether losses of this kind are acceptable to the polity at large.

In a most recent example of corruption, even as the Enforcement Directorate (ED) probes US\$8 billion worth transactions allegedly involving suspected money launderer Hasan Ali Khan, evidence available with a news source in India shows that he had transactions of over Rs 112,000 crore (US\$24.86 billion) between years 2005 and 2006. This amount is enough to fund the national drinking water project in all the six lakh villages in India for the next 10 years. Even as the Hasan Ali case has hit the headlines and the Enforcement Directorate claims that India's biggest tax offender has as much as eight billion dollars stashed away abroad, he is only one of the big tax offenders and this stash is only a part of the huge illicit outflow from India. Documents seized by ED reveal that Hasan Ali transferred \$700,000 from Sarasin Bank, Switzerland to the account of SK Financial services UK maintained with Barclays Bank, London through Citibank, New York.

If the estimates of Rs 70 lakh crore of Indian black money parked abroad are brought back this money can surely lift the 40 crore Indians living below poverty line out of poverty, or it can fund entire infrastructure building for the next 15-20 years. It can also educate all Indian children for next 50 years.

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ICIJ PROBE INDIANS

In Depth ICIJ Expose Names 170, nations 2.5 Lakh Entities including 612 Indians hide black money in tax heaven. The 612 Indians on the list of those who have invested in tax havens such as the British Virgin Islands include two MPs, a former royal and top industrialists.

RITU SARIN puts together details of 20 among them
SONU LALCHAND MIRCHANDANI

Mirchandani is the founder of popular consumer electronics firm Onida. Mirchandani and his wife, Soni, opened a BVI company called Strong Wing Overseas Ltd in 2006 with an authorised capital of \$50,000. Both are directors and shareholders of the company. Mirchandani, however, said he did not recall opening such a BVI entity. "The personal details in the papers are mine. Maybe someone else has opened the company in my name," he said when shown the documents.

TEJA RAJU

Teja is the eldest son of Ramalinga Raju, the disgraced former chairman of Satyam Computers Ltd. Teja is said to be the brain behind Maytas Infrastructure, whose planned merger with the software giant went on to unravel the alleged corporate fraud that sent Ramalinga Raju to jail for 32 months.

The Rajus set up two BVI companies, Global Network Overseas and Stapley Universal Limited. Teja Raju is listed as the beneficial owner of both but records show their current status as "defunct". Each company was registered with an authorised capital of \$50,000.

Teja Raju denied any link with the companies. "Looks like a case of mistaken identity," he said.

RAVIKANT RUIA

An NRI, Ruia is vice-chairman of the Essar group, which has interests in steel, oil, gas and power. His company has been embroiled in the alleged irregularities in the telecom spectrum allocation of 2001-02; last month, a special court named Ruia an accused.

He has registered three firms in the BVI and his daughter Smiti is a shareholder in two of them. Also, one of Ruia's flagship companies, Essar Power, has five BVI accounts with their authorised capitals ranging from \$100 to \$100,000.

Essar officials said that of the eight companies, five were liquidated in 2011 and 2012 and three are "existing and operational". They said necessary filings and compliance have been done in India in accordance with laws and Smiti has declared her holding in Paprika Properties Ltd and Paprika Holdings Management Ltd in her wealth tax returns. "These companies were started as SPVs to make investments and are in the knowledge of the authorities concerned," Essar said.

RAMAKRISHNA KARUTURI

Bangalore-based Karuturi is the chairman of Karuturi Global Ltd, the largest producer of cut-roses in the world. He has diversified into farming and has leased 300,000 hectares of land in Ethiopia to produce cereals and edible oil.

In 2007, Karuturi registered companies in tax havens and with huge authorised capitals. He is shareholder or beneficial owner of six companies that have a collective authorised capital of \$2.2 million. His wife, Anitha, is also a shareholder in one company, Maxworth Investment Ltd.

Reached in Ethiopia, Karuturi said he did not recall the companies and did not respond to subsequent calls.

VIJAY MALLYA

The other MP on the list, Mallya registered a BVI company called Venture New Holding in 2006 with an authorised share capital of \$50,000. Mallya, who has been in the news for the trouble over his Kingfisher Airlines and with the tax authorities, is the beneficial owner of the firm.

"Dr Mallya is a non-resident Indian with business activities in different parts of the world. It is common practice to use BVI registered companies in connection with such activities which are not confined to India alone. All disclosures in regard to Dr Mallya's wealth have been duly made to Parliament," a UB group spokesperson said.

VIVEKANAND GADDAM

Gaddam is a Congress MP from the Peddapalle reserved constituency in Andhra Pradesh. The seat was earlier represented by his father, former union minister G Venkatswamy. Gaddam, who has a MBBS degree, is an industrialist and owns asbestos firm Visaka Industries. He is also chairman of CII's Andhra Pradesh chapter.

Gaddam and his wife, Saroja, became directors and shareholders of British Virgin Islands (BVI) company Belrose Universal Ltd in 2009. The address mentioned in documents is the official Hyderabad address that is also mentioned in his Parliamentary records.

Reached for his comment, Gaddam said he was not aware of the existence of any such offshore company. "I do not remember being involved with such a company and have no connection with it," he said.

ABHEY KUMAR OSWAL

Son of Ludhiana-based business tycoon Vidya Sagar Oswal, Abhey is chairman of Oswal Agro Mills and Oswal Chemicals and Fertilizers and managing director of Oswal Spinning and Weaving Mills. In 1999, tax authorities raided his establishments for suspected evasion.

He is one of the biggest Indian players on the BVI list. Starting in 2006, he registered 11 companies in Samoa and the BVI and controlled them through the Rising Wealth Trust, registered in the Cook Islands. While the trust owns shares in several of the companies, Abhey owns shares in others. Abhey is the protector of the trust and his son Shael is the settler. The combined authorised capital of the 11 companies is \$5.3 million.

"I have not registered any offshore firms. You must be in the knowledge of business entities of my son Shael Oswal, who is a Singapore resident and an NRI. My companies or myself have no relation whatsoever with his business or business entities," Abhey said.

SAMIR MODI

Son of top industrialist K K Modi, who owns the diversified Modi Enterprises, Samir is an executive director in Godfrey Philips. He pushed the group's diversification by launching a string of new ventures such as Modicare, Colorbar and Twenty Four Seven.

His BVI company is called Gilvin Rock Enterprise Limited. He and his wife, Shivani, are joint directors and shareholders in the firm ,which has an authorised capital of \$50,000. "The company was set up as a route for investments but hasn't done any business or trade transactions," he said.

CHETAN BURMAN

Chetan Burman is a fifth-generation member of the Burman family, which owns the Rs 1,500 crore ayurvedic and food products brand Dabur. He was executive director of Dabur Nepal but has now branched out into other ventures.

Burman registered a BVI company in 2007 called Heavenly Bloom World Ltd. He is both director and shareholder of the company, which started with an authorised capital of \$50,000. Burman said the BVI firm was set up to route exports, mainly of honey, through Singapore but that plan didn't take off. "The company was set up through a verbal communication since I wanted to make Singapore the export hub for my products. But no trade transactions actually materialised and the company has thus remained dormant," he said.

GAEKWAD RADHIKARAJE SAMARJITSINH

In January 2008, members of the former royal family of Baroda opened a BVI firm with an authorised capital of \$50,000. The directors and shareholders of the company, called Brentwood Consulting Limited, are Gaekwad Radhikaraje Samarjitsinh, wife of Samarjitsinh Gaekwad, and her sister Kumari Meenal. The Laxmi Vilas Palace, one of the largest residences in the country, is given as Radhikaraje's address in documents.

She did not respond to questions sent to her.

RAHUL MAMMEN MAPPILLAI

The founder of MRF Tyres, the late K M Mammen Mappillai, was among those on the list of 18 people who had accounts in the European tax haven of Liechtenstein. It has now come to light that members of the MRF family registered a BVI company, Moon Mist Enterprise Limited, in 2007 with an authorised capital of \$50,000. Its directors are Mammen Mappillai's two sons, MRF chairman Kandathil Mammen and its MD Arun Mammen. Kandathil's son Rahul Mammen Mappillai, also an MRF director, is the third shareholder.

Rahul did not respond to questions sent to him.

GURBACHAN SINGH DHINGRA

Dhingra is vice-chairman of Berger Paints, the second largest paint manufacturer in the country. In the BVI, Dhingra is the beneficial owner of a company called Crossley Hill Corporation. It was incorporated in 2008 with an authorised capital of \$50,000.

Dhingra, however, denied any links with the company. "I have nothing to do with this company even though the address being quoted by you is my address. You must have got wrong documentation," Dhingra said.

RASHMI KIRTILAL MEHTA & BHAVIN RASHMI MEHTA

The Mehtas are prominent Mumbai-based diamond traders, with a base in Belgium, and are facing allegations and action for parking money in offshore accounts. Rashmi is the son of patriarch Kirtilal Mehta and Bhavin is Rashmi's son. Some of their relatives, including Rashmi's brother Prabodh Mehta, were named in the list of 18 Indians who had accounts in the LGT Liechtenstein Bank. In April 2011, the family was raided by tax authorities and their tax evasion cases are under assessment.

Rashmi and Bhavin are directors and shareholders in a BVI company called Bapaji Inc. The company was incorporated in 2004. Another BVI company, called Dimension Worldwide Ltd, is linked to the Mehta



family but its status is described as "defunct".

The Mehtas did not respond to questions sent to them in Belgium.

LANKALINGAM MURUGESU & REETA LANKALINGAM

Known as the Papad King, Murugesu is the chairman of the Lanson Group, involved in the manufacture and export of papads. The group also owns Lanson Toyota, a Toyota car dealership of which Reeta, Murugesu's wife, is the joint MD. They also own a biotech firm called Lanson Biotech involved in ayurvedic research.

Murugesu and Reeta are joint shareholders in a Hong Kong-registered Portcullis TrustNet company called Ready On Company Limited. The company was "sold" to the couple in 2008 and began with an authorised capital of HK \$10,000.

Murugesu confirmed having set up the company. "We started the company for better tax planning but with full tax now required to be paid by export units like ours, no trading through it really materialised. We just thought it is better to pay full taxes," he said.

THIAGARAJAN MURUGESAN

Breaking away from his family business of cotton trading and textiles, Murugesan launched the now-defunct Paramount Airways, a niche airline catering to the southern sector, and was its MD at the age of 28. He started five BVI companies in 2008, each with an authorised capital of \$50,000. He is director and shareholder in all of them.

Thiagarajan confirmed the existence of the five BVI companies but clarified that they are "wholly owned" subsidiaries of Indian companies of the Paramount group and not individual holdings. "The BVI companies were opened with the aim of getting foreign investments in the textile business but that did not happen. So these are just companies on paper with very little or hardly any capital. Since the investments did not come in we did not activate the companies," he said.

MAITREYA VINOD DOSHI

Doshi is the chairman of Premier Ltd, formerly Premier Automobiles Ltd, one of India's oldest automobile manufacturers. He opened a BVI company called McGuffin Ltd in 2006 with an authorised share capital of \$50,000 and is named as the beneficial owner.

"McGuffin Ltd has invested FDI in our Indian company with prior approval of the RBI. We regularly file all the required disclosures with the RBI as per their rules. All details of McGuffin have been given to the income-tax authorities as part of my local company's routine tax assessment, including audited balance sheets, shareholders list certified by auditors and details of investments made by it. All remittances by McGuffin have been made through HDFC Bank after due KYC checks," Doshi said.

YASHOVARDHAN LOHIA

Lohia is the CEO of Chamong Tee Exports, one of India's largest tea exporters. Lohia registered Golden Charm Universal and Golden Success Offshore Inc in the BVI in 2007 but these are now shown as "defunct".

Lohia did not respond to questions sent to him.

MEENAKSHI JATIA

One of the three daughters of the late jute baron Arun Bajoria, Meenakshi and her husband Sharad Kumar Jatia are among the claimants to Bajoria's empire, valued at Rs 2,500 crore and the subject of family disputes.

The couple are named jointly as directors and shareholders in two BVI companies, Supreme Bonus Enterprises Limited and Plazzo International Management Ltd. Each was acquired in 2007-2008 with an authorised capital of \$50,000. She did not respond to questions.

SAURABH MITTAL

Mittal is a co-founder and vice-chairman of Indiabulls, the country's first e-commerce and Internet brokerage company.

BVI documents show Mittal registered a company named Alta Vista Development Corporation in 2008. He is both director and shareholder in the company, which began with an authorised capital of \$50,000. He did not respond to questions put to him.

NEESHA SUNIT KHATAU, PANNA SUNIT KHATAU & REENA SUNIT KHATAU

They are heirs to the 150-year old Khatau empire. Panna is the wife of Sunit Khatau, the late chairman of the group who was shot dead in 1994. She is chairman of their flagship textile firm, Khatau Makanji Spinning and Weaving Company. Neesha and Reena are her daughters and directors of the company.

In 2007, the three registered four companies in the BVI through Portcullis TrustNet and are either together or individually named as beneficial owners of the firms. In each case, the authorised capital is \$50,000. Neesha did not respond to questions sent to her.

Microbes Thrive in Deepest Spot on Earth

The deepest oceanic trench on Earth is home to a surprisingly active community of bacteria, suggesting other trenches may be hotspots of microbial life, researchers say. Life in the deep ocean often relies on organic matter snowing down from above. As these particles waft down, their nutrients get degraded by microbes attached to them, so only 1 to 2 percent of the organic matter produced in surface waters is expected to make it to the average ocean depth of about 12,150 feet (3,700 meters). Just how much makes it to the very deepest parts is unknown.

To learn more about life in the dirt at the ocean's depths, scientists used a submersible lander to analyze mud from the surface of Challenger Deep, the deepest spot of the Mariana Trench at the bottom of the central west Pacific Ocean. This 36,000-foot-deep (11,000 m) trench is the deepest known point on Earth's surface.

'Germ Islands' Found Floating in Ocean

Bacteria and other germs latch on to clumps of decaying matter floating in the ocean, creating "germ islands" that could spread disease, a new study reveals. When plants and animals near the surface of the ocean die, they decay and gradually fall to the seafloor. This dead matter can clump together with sand, soot, fecal matter and other material to form what is called "marine snow," so named because it looks like tiny bits of white fluff. Marine snow continuously rains down on the deep ocean, feeding many of the creatures that dwell there.

A group of scientists studying marine snow found that these clumps, or aggregates, may act as island-like refuges for pathogens, the general term for disease-causing organisms or germs, such as bacteria and viruses. (The "island" term comes from the comparison of the existence of pathogens on marine snow with the way insects, amphibians and other creatures establish homes and persist on remote islands in the oceans.)

The scientists are evaluating the degree to which aggregates made up of this decaying organic matter provide a favorable microclimate for aquatic pathogens. These "refuges" seem to protect pathogens from stressors, such as sunlight and salinity (amount of salt in the water) changes, and from predators. They also might provide sources of nourishment for the pathogens.

"If the microclimate is favorable, aggregates likely facilitate the persistence, prevalence and dispersal of aquatic pathogens," said study team member Fred Dobbs of Old Dominion University (ODU) in Norfolk, Va.

The researchers found the bacteria had an increased metabolism (meaning they were more active), and a greater diversity, when living on individual organic aggregates compared with those in the surrounding water. These results indicate that aggregates might be potential reservoirs and vectors for aquatic pathogens.

"We've shown, for example, that vibrios [a type of pathogen] proliferate in aggregates and decline in adjacent, aggregate-free water," the authors wrote in the paper describing their findings, which is included in the May 4 issue of the journal Aquatic Microbial Ecology.

Current models developed to look at the transmission of waterborne diseases and illnesses, however, don't consider the benefits microorganisms gain from hitching a ride on marine snow.

This detritus may skew water-sampling procedures and mathematical models used to predict the transmission of waterborne diseases to humans. When water sampling is conducted — to determine whether recreational waters should be open to swimmers, or whether shellfish beds should be closed to fishers — aggregates lend a hit-or-miss aspect to the testing.

A sample might include only water without aggregates, giving false-negative results that no danger exists.

"The presence or absence of a single aggregate in an environmental water sample could drastically alter the measure of bacterial concentrations," Dobbs said.

The scientists are using the information they have gathered to help predict "how long bacteria can thrive on an individual aggregate and the relationship between the size of the aggregate and the diversity of species found on it," said lead author of the study Maille Lyons, also of ODU.

Japanese architect Toyo Ito wins Pritzker Prize

Japanese architect Toyo Ito, whose buildings have been praised for their fluid beauty and balance between the physical and virtual world, has won the 2013 Pritzker Architecture Prize, the prize's jury announced Sunday.

The 71-year-old architect joins such masters as Frank Gehry, I.M. Pei, Tadao Ando, Renzo Piano and Wang Su in receiving the honor that's been called architecture's Nobel Prize. Ito, the sixth Japanese architect to receive the prize, was recognized for the libraries, houses, theaters, offices and other buildings he has designed in Japan and beyond.

He accepted the honor by saying that whenever he's done designing a building, he becomes "painfully aware of my own inadequacy, and it turns into energy to challenge the next project."

"Therefore, I will never fix my architectural style and never be satisfied with my works," he said in a statement.

"Toyo Ito's architecture has improved the quality of both public and private spaces," said U.S. Supreme Court Justice Stephen Breyer, who served on the Pritzker Prize jury.

"It has inspired many architects, critics and members of the general public alike. Along with all others involved with the Pritzker Prize, I am very pleased that he has received the award," Breyer said in a statement.

Some of Ito's notable creations include the curvaceous Municipal Funeral Hall in Gifu, Japan; the transparent Sendai Mediatheque library in Miyagi, Japan; the arch-filled Tama Art University Library in suburban Tokyo; the spiral White O residence in Marbella, Chile; and the angular 2002 Serpentine Gallery Pavilion in London.

"His buildings are complex, yet his high degree of synthesis means that his works attain a level of calmness, which ultimately allows the inhabitants to freely develop their life and activities in them," said Chilean architect and Pritzker Prize jury member Alejandro Aravena. Ito began his career at Kiyonori Kikutake & Associates after he graduated from Tokyo University in 1965. He founded his own architecture firm in 1971. His works have been exhibited in museums in the United States, England, Denmark, Italy, Chile and numerous cities in Japan.

Ito will receive a \$100,000 grant and a bronze medallion at the formal Pritzker ceremony May 29 at the John F. Kennedy Presidential Library and Museum in Boston.

Sponsored by the Hyatt Foundation, the Pritzker Prize was established in 1979 by the late entrepreneur Jay A. Pritzker and his wife, Cindy, to honor "a living architect whose built work demonstrates a combination of those qualities of talent, vision and commitment, which has produced consistent and significant contributions to humanity and the built environment through the art of architecture."

The Pritzker family founded the prize because of its involvement with developing Hyatt Hotel properties around the world and because architecture was not included in the Nobel Prizes. The Pritzker selection process is modeled after the Nobels.

Argentina's Fernandez raises Falklands with Pope Francis

Argentine President Cristina Fernandez de Kirchner says she has asked for the Pope's intervention in the Falklands dispute between her country and the UK. Visiting the Vatican, Ms Fernandez said she had asked the Pope to promote dialogue between the two sides. Argentine Pope Francis was elected last week and will be formally installed as pontiff at a Mass on.



In the past he has said the Falkland Islands, a UK overseas territory, belong to Argentina. Before Cardinal Jorge Mario Bergoglio was elected, the 76-year-old was Archbishop of Buenos Aires. Relations between him, Ms Fernandez, and her late husband and predecessor as president, Nestor Kirchner, were tense.

"I asked for his intervention to avoid problems that could emerge from the militarization of Great Britain in the south Atlantic," Ms Fernandez told reporters after a 15-20 minute meeting and lunch with the Pope.

"We want a dialogue and that's why we asked the pope to intervene so that the dialogue is successful."

In a referendum held a week ago, people in the Falkland Islands voted overwhelmingly in favour of remaining a UK overseas territory.

At a Mass last year, he told Argentine veterans of the Falklands War: "We come to pray for all who have fallen, sons of the Homeland who went out to defend their mother, the Homeland, and to reclaim what is theirs."

British Prime Minister David Cameron said last week that he "respectfully" disagreed with the view expressed in the past by Pope Francis that the Falkland Islands had been "usurped" by the UK.

Ms Fernandez is the first head of state the new Pope has met. She presented him with a mate gourd and straw for drinking traditional Argentine tea.

The two also kissed, and Ms Fernandez remarked afterwards: "Never in my life has a pope kissed me!"

She gave a muted welcome to the Pope's election. The two have clashed in the past, especially over social reforms promoted by her and her late husband in the face of Church opposition.

When the then-Cardinal Bergoglio argued that gay adoptions discriminated against children, Ms Fernandez said his tone harked back to "medieval times and the Inquisition". Her husband Nestor Kirchner once referred to him as the "head of the opposition".

Rwanda says warlord turned himself

A U.S. State Department spokeswoman says that a wanted Congolese warlord turned himself in to the U.S. Embassy in Rwanda after years on the run. Bosco Ntaganda walked into the U.S. Embassy in Kigali on Monday and asked to be transferred to the International Criminal Court at The Hague, Netherlands, where he is wanted for war crimes.

State Department spokeswoman Victoria Nuland says the U.S. is now consulting with the Rwandan government.

The ICC first indicted Ntaganda in 2006 but relies on member nations to arrest suspects and Congo did not apprehend him.

The allegations against Ntaganda date back to crimes allegedly committed a decade ago in northeastern Congo. However, human rights groups say Ntaganda has been implicated in other attacks on civilians in eastern Congo in recent years.

First in a Tweet and later in an official communique, Rwanda's Foreign Minister and government spokeswoman Louise Mushikiwabo said, "We have just learned that Gen. Ntaganda presented himself at the U.S. Embassy early this morning."



In the capital of the neighboring nation of Congo, where Ntaganda has been on the run since last year, Congolese government spokesman Lambert Mende confirmed the information: "We have learned from non-official sources that Bosco Ntaganda is at the U.S. Embassy in Kigali. We are waiting for the United States to make the news official and we are confident they will hand him over to justice."

Nicknamed "The Terminator," for his ruthless actions, Ntaganda was born in Rwanda in 1973, and moved to the neighboring nation of Congo as a teenager. He was first indicted in 2006 by the International Criminal Court for conscripting and using child soldiers during his time

as a senior commander in a Congolese rebel group accused of terrorizing the Ituri region of eastern Congo between 2002 and 2003. He later joined and rose through the ranks of a different rebel group, the National Congress for the Defense of the People, which signed a peace accord with the Congolese government on March 23, 2009.

The accord paved the way for Ntaganda and his fellow rebels to join the ranks of the regular Congolese army. He soon became one of Africa's symbols of impunity. Despite the outstanding warrant from the ICC and mounting evidence of continued abuse, he was awarded the rank of general in the Congolese army, living in an upscale villa in the eastern Congolese town of Goma, playing tennis in his spare time.

Then last spring, he and his men began defecting from the Congolese army by the hundreds, claiming that the government had failed to uphold their end of the 2009 deal. They started a new rebellion, dubbed the M23, in honor of the March 23 signing of the now-defunct 2009 accord. And in November last year, the rebel group marched into and seized control of Goma, one of the most important cities in eastern Congo.

Ntaganda's role in the M23 rebellion remained murky, with human rights groups accusing him of leading it, while other M23 leaders attempted to distance themselves from the wanted general.

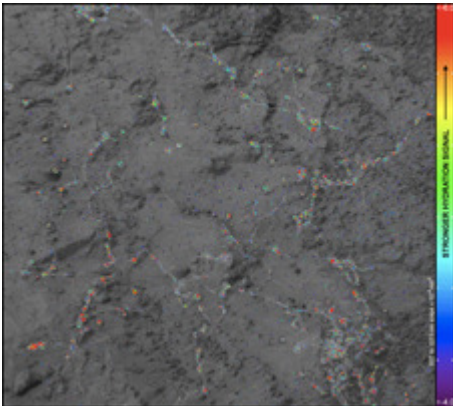
Earlier this month, M23 split into two different factions. While Ntaganda was believed to have enjoyed Rwanda's support, Rwanda's relationship with him ever since the split remains unclear.

Rights groups on Monday quickly called for the U.S. embassy to hand him over to The Hague. "Bosco Ntaganda is not called 'The Terminator' for nothing. If he is at the U.S. embassy, the U.S. should immediately hand him over to the International Criminal Court for trial," said Sasha Lezhnev, senior analyst for the Enough Project in Washington, who closely follows Congo. "This would send serious signals to current and future warlords who continue to perpetrate atrocities in eastern Congo."

In Congo, Henri Bora Ladyi, who works at the Conflict Resolution Center which helps demobilize child soldiers, including some who fought in Ntaganda's rebel army, said: "It's a relief, but justice must be done. We fear that he will be kept in Rwanda and won't be extradited. Now what is important is to create space so that children in the M23 can leave the movement."

Curiosity Mars Rover Sees Trend in Water Presence

NASA's Mars rover Curiosity has seen evidence of water-bearing minerals in rocks near where it had already found clay minerals inside a drilled rock. Last week, the rover's science team announced that analysis of powder from a drilled mudstone rock on Mars indicates past environmental conditions that were favorable for microbial life. Additional findings presented today (March 18) at a news briefing at the Lunar and Planetary Science Conference in The Woodlands, Texas, suggest those conditions extended beyond the site of the drilling.



Using infrared-imaging capability of a camera on the rover and an instrument that shoots neutrons into the ground to probe for hydrogen, researchers have found more hydration of minerals near the clay-bearing rock than at locations Curiosity visited earlier.

The rover's Mast Camera (Mastcam) can also serve as a mineral-detecting and hydration-detecting tool, reported Jim Bell of Arizona State University, Tempe. "Some iron-bearing rocks and minerals can be detected and mapped using the Mastcam's near-infrared filters." Ratios of brightness in different Mastcam near-infrared wavelengths can indicate the presence of some hydrated minerals. The technique was used to check rocks in the "Yellowknife Bay" area where Curiosity's drill last month collected the first powder from the interior of a rock on Mars. Some rocks in Yellowknife Bay are crisscrossed with bright veins.

"With Mastcam, we see elevated hydration signals in the narrow veins that cut many of the rocks in this area," said Melissa Rice of the California Institute of Technology, Pasadena. "These bright veins contain hydrated minerals that are different from the clay minerals in the surrounding rock matrix."

The Russian-made Dynamic Albedo of Neutrons (DAN) instrument on Curiosity detects hydrogen beneath the rover. At the rover's very dry study area on Mars, the detected hydrogen is mainly in water molecules bound into minerals. "We definitely see signal variation along the traverse from the landing point to Yellowknife Bay," said DAN Deputy Principal Investigator Maxim Litvak of the Space Research Institute, Moscow. "More water is detected at Yellowknife Bay than earlier on the route. Even within Yellowknife Bay, we see significant variation."

Findings presented today from the Canadian-made Alpha Particle X-ray Spectrometer (APXS) on Curiosity's arm indicate that the wet environmental processes that produced clay at Yellowknife Bay did so without much change in the overall mix of chemical elements present. The elemental composition of the outcrop Curiosity drilled into matches the composition of basalt. For example, it has basalt-like proportions of silicon, aluminum, magnesium and iron. Basalt is the most common rock type on Mars. It is igneous, but it is also thought to be the parent material for sedimentary rocks Curiosity has examined.

"The elemental composition of rocks in Yellowknife Bay wasn't changed much by mineral alteration," said Curiosity science team member Mariek Schmidt of Brock University, Saint Catharines, Ontario, Canada.

A dust coating on rocks had made the composition detected by APXS not quite a match for basalt until Curiosity used a brush to sweep the dust away. After that, APXS saw less sulfur. "By removing the dust, we've got a better reading that pushes the classification toward basaltic composition," Schmidt said. The sedimentary rocks at Yellowknife Bay likely formed when original basaltic rocks were broken into fragments, transported, re-deposited as sedimentary particles, and mineralogically altered by exposure to water.

NASA's Mars Science Laboratory Project is using Curiosity to investigate whether an area within Mars' Gale Crater has ever offered an environment favorable for microbial life. Curiosity, carrying 10 science instruments, landed seven months ago to begin its two-year prime mission. NASA's Jet Propulsion Laboratory, Pasadena, Calif., manages the project for NASA's Science Mission Directorate in Washington.

Graves of Twin Moon Probes Spotted by NASA Spacecraft

An eagle-eyed NASA spacecraft has spotted the tiny craters two moon probes created when they crashed intentionally into the lunar surface last year.

NASA's Lunar Reconnaissance Orbiter (LRO) snapped a series of photographs of the two 16.5-foot-wide (5 meters) craters, which mark where the space agency's twin Grail probes ended their gravity-mapping mission, and their operational lives, on Dec. 17.

"It was really fun to find the craters," Mark Robinson of Arizona State University, principal

investigator for the Lunar Reconnaissance Orbiter Camera (LROC), said today (March 19) during a press conference at the 44th Lunar and Planetary Science Conference in The Woodlands, Texas.

Obama faces conflict-ridden Middle East during visit to a skeptical Israel

Since becoming President, the region has seen tensions escalate thanks to the Arab Spring and Iran getting closer to developing a nuclear weapon. Obama's goal will be to talk directly to Israelis about his commitment to the Jewish state. The President whose cool reserve inspired the label "No Drama Obama" label arrives in Israel Wednesday for a four-day trek to the conflict-ridden Middle East. President Obama will confront dangerous problems and rivals — and Israeli doubts about his commitment to the Jewish state.



Israel still smarts from Obama's other Middle East trip as President, in 2009, when he bypassed it and focused on outreach to Muslims. That was symbolized by a speech in Cairo, aimed at softening perceptions among Arabs that George W. Bush had engaged in a war against Islam.

But the context for this trip is different, said Dennis Ross, a Middle East troubleshooter for multiple U.S. administrations, including Obama's. The area "is in turmoil and characterized by unknowns," he said, and Obama's focus will shift sharply from 2009. In particular, Obama will reach out to the Israeli public, and hold several public events to allay their suspicions, including a speech before a large if hand-picked group of college students.

While Ross and other experts believe the perception of U.S. disinterest belies substantial cooperation, especially intelligence and military, the perception must be confronted.

Obama appeals to Israelis : Give justice to the Palestinians

President Barack Obama on Thursday urged the Israeli people to put themselves in the shoes of Palestinians and recognize their "right to self-determination, their right to justice." In a televised speech at the Jerusalem Convention Center, Obama said there should be "two states for two peoples."

Breaking off from his prepared text, he said that he recently met with a group of young Palestinians. "Talking to them, they weren't that different from my daughters, they weren't that different from your daughters or sons," he said.

"I honestly believe that if any Israeli parent sat down with these kids, they'd say, 'I want these kids to succeed, I want them to prosper, I want them to have opportunities just like my kids do,'" he added to applause.

Obama, on the second day of his first official trip to Israel, warned that "the only way for Israel to endure and thrive as a Jewish and democratic state" was through the creation of an independent Palestine.



That state had to be "viable" with real borders, he said, criticizing the building of settlements in the West Bank.

President Obama receives applause from a crowd in Jerusalem Thursday by challenging groups that reject Israel.

He urged ordinary Israelis to put pressure on their leaders to achieve a future in which Jews, Christians and Muslims could live in peace.

"I also know that not everyone in this hall will agree with what I have to say about peace. I recognize that there are those who are not simply skeptical about peace, but question its underlying premise, have a different vision for Israel's future and that's a part of democracy and the discourse between our two countries," he said.

"Peace is necessary, I believe that. I believe that peace is the only path to true security. You have the opportunity to be the generation that permanently secures the Zionist dream, or you can face a growing challenge to its future," he added.

At a state dinner in Jerusalem Thursday evening, Israel's President Shimon Peres awarded Obama with Israel's highest honor — the Presidential Medal of Distinction — emphasizing what Peres called his "unforgettable contribution" to the security of Israel.

U.S. support for the Iron Dome missile defense system had been instrumental in saving Israeli lives, Peres said.

As Obama sat at the dais with Prime Minister Benjamin Netanyahu and his wife Sara before a room full of Israeli dignitaries, Peres called out the U.S. president's "tireless work to make Israel strong to make peace possible."

Peres said he was "convinced" the United States "will do whatever is necessary on the Iranian threat."

Obama said he was accepting the award "on behalf of the American people."

Israel must avoid 'isolation'

In his address at the convention center Obama stressed that America would always support Israel, echoing his comments Wednesday that the U.S. was Israel's "eternal" ally.

But he said peace had to be made between "peoples" and could not be achieved through military hardware alone.

"Given the frustration in the international community, Israel must reverse an undertow of isolation. And given the march of technology, the only way to truly protect the Israeli people over the long term is through the absence of war — because no wall is high enough, and no Iron Dome is strong enough and perfect enough, to stop every enemy that's intent on doing

so from inflicting harm," he added.



There was a warm, official welcome for President Obama in Ramallah. In the streets, away from the Palestinian government compound, street demonstrations. NBC's Martin Fletcher reports.

Obama said Israel could not be expected to negotiate with anyone "dedicated to its destruction."

But he said he believed that Israelis had a "true partner" in Palestinian President Mahmoud Abbas, along with Prime Minister Salam Fayyad. On a visit to the West Bank earlier Thursday, Obama condemned the Palestinian Hamas party, which holds sway in the Gaza Strip and is a rival to Abbas' Fatah movement.

President Barack Obama embraces Palestinian Authority President Mahmoud Abbas upon his arrival at the presidential compound in the West Bank city of Ramallah on Thursday.

"So many young Palestinians have rejected violence. There's an opportunity there. There's a window," he said. "Peace is possible."

At one point in the speech, someone in the audience began heckling Obama, who peered toward the back of the hall to try to see what was happening.

He joked about media reports that he and Prime Minister Netanyahu do not get along. It was just a "plot" between him and "my friend Bibi" to give journalists something to write about, he suggested.

Earlier, Obama met with Abbas in the West Bank.

After his helicopter touched down in Ramallah, Obama was greeted cordially by Abbas and the two hugged.

"We cannot give up on the search for peace, no matter how hard it is. ... Too much is at stake," the president said during a joint news conference

'Misery' of Hamas

He sounded hopeful about Abbas and the Palestinian Authority and reiterated U.S. willingness to help.



"The United States is deeply committed to the creation of an independent and sovereign state of Palestine," he said, adding, "Simply, Palestinians deserve a state of their own."

When asked whether he thought a halt to further settlement activity was required before peace talks could begin in earnest, Obama demurred.

"If the only way to even begin the conversation is that we get everything right from the outset ... then we're never going to get to the broader issue, which is how you actually structure a state of Palestine that is sovereign and contiguous," the president said.

"The core issue right now is how do we get sovereignty for the Palestinian people and ensure security for the Israeli people," he added. "If we solve those two problems, the settlement problem will be solved."

The president praised Abbas for his leadership and sharply criticized rival group Hamas for the "misery" of Palestinians in Gaza.

For his part, Abbas said he had "renewed confidence" in U.S. assistance with the peace process after meeting with Obama.

"We have conducted a good and useful round of talks," he said through an interpreter.

Abbas called for an end to Israeli construction of settlements in Palestinian territories.

He warned that continued building of the sites was causing Palestinians, particularly the younger generation, to lose hope that Israel and a sovereign Palestine could peacefully co-exist.

When young Palestinians see the settlements, he said, "they do not trust the two-state solution anymore, and this is very dangerous" for the future.

Voyager Solar System 'exit' debated

The possibility that the Voyager-1 spacecraft may have left the Solar System is being hotly debated. Launched in September 1977, the probe was sent initially to study the outer planets, but then just kept on going. Researchers studying its data say the craft appears now to be in a realm of space beyond the influence of our Sun. But the US space agency (Nasa), which manages Voyager, says that it regards the probe as still being inside the Solar System. The mission is currently moving more than 18 billion km from Earth, or 123 times the distance between our planet and the Sun.

The latest research is published online in the journal Geophysical Research Letters (GRL). It concerns data the spacecraft has been gathering about changes in its environment which for some time now have suggested it is about to cross over the Solar System's border - the so-called heliopause.

Cosmic ray detection

It has been detecting a rise in the number of high-energy particles, or cosmic rays, coming towards it from interstellar space, while at the same time recording a decline in the inten-

sity of energetic particles coming from behind, from our Sun.

A big change occurred on 25 August last year, which the GRL paper's authors say was like a "helioclipf".

"Within just a few days, the heliospheric intensity of trapped radiation decreased, and the cosmic ray intensity went up as you would expect if it exited the heliosphere," explained Prof Bill Webber from New Mexico State University in Las Cruces.

Nasa funded the study but said any assessment that Voyager might be in interstellar space did not reflect the view of everyone working on the project, and Prof Weber acknowledges there is an ongoing debate about the probe's status.

Many researchers would like a long period with the data all pointing in one direction before calling the exit definitive.

"It's outside the normal heliosphere, I would say that," Prof Webber said in a release from the American Geophysical Union, publishers of GRL.

"We're in a new region. And everything we're measuring is different and exciting."

The Voyager project scientist at Nasa's Jet Propulsion Laboratory, Ed Stone, said he wanted to see a reorientation of the magnetic fields around the probe before declaring it to be in interstellar space. This was a "critical marker", he added. "...that change of direction has not yet been observed."

Voyager-1 was launched on 5 September 1977, and its sister spacecraft, Voyager-2, on 20 August 1977.

The probes' initial goal was to survey the outer planets Jupiter, Saturn, Uranus and Neptune - a task they completed in 1989.

They were then despatched towards deep space, in the general direction of the centre of our Milky Way Galaxy.

Their plutonium power sources will stop generating electricity in about 10-15 years, at which point their instruments and transmitters will die.

Voyager-1 is on course to approach a star called AC +793888, but it will only get to within two light-years of it and it will be tens of thousands of years before it does so.

Dallas Campbell describes the 35-year journey of Nasa's twin Voyager spacecraft: Broadcast February 2013.

Venezuela ends talks with U.S. over diplomat comment - minister

Venezuela has cut off an informal channel of communication with the United States because of comments by a State Department official about next month's presidential election, the foreign minister said. The OPEC nation established contact last year with Roberta Jacobson, the senior U.S. diplomat for Latin America, to improve bilateral ties after years of tensions. But Foreign Minister Elias Jaua said that was now on hold after Jacobson's recent statements about the April 14 election to replace the late president, Hugo Chavez.

"With Jacobson's latest comments ... we have realized that it doesn't make sense to continue wasting our time," Jaua said during a ceremony to honour two Venezuelan diplomats expelled from Washington in a tit-for-tat dispute.



"Ms. Jacobson inadvertently said something that's true, which is that her candidate is Henrique Capriles," he said, referring to Jacobson's interview with Spain's El Pais newspaper last week. He appeared to be referring to a segment of the interview in which she was asked about if Capriles could win.

On the day of Chavez's death on March 5, Venezuela expelled two U.S. diplomats on charges of attempting to conspire with the Venezuelan military. Washington responded in kind.

Kurdish-Turkish conflict

The Kurdish-Turkish conflict is an armed conflict between the Republic of Turkey and various Kurdish insurgent groups, which have demanded separation from Turkey to create an independent Kurdistan, or to have autonomy and greater political and cultural rights for Kurds inside the Republic of Turkey. The main rebel group is the Kurdistan Workers' Party or PKK (Kurdish: Partiya Karkerên Kurdistan), which is considered a terrorist organisation by Turkey, the United States, the European Union and NATO. Although insurgents have carried out attacks in many regions of Turkey, the insurgency is mainly in southeastern Turkey. The PKK's military presence in Iraq's Kurdistan Region, which it uses as launchpad for attacks on Turkey, has resulted in the Turkish military carrying out frequent ground incursions and air and artillery strikes in the region, as the Kurdistan Regional Government claimed they do not have sufficient military forces to prevent the PKK from operating. The conflict has particularly affected Turkey's tourism industry and has cost the Economy of Turkey an estimated 300 to 450 billion dollars.

Since the PKK was founded on November 27, 1978, it has been involved in armed clashes with Turkish security forces. The full-scale insurgency however, did not begin until August 15, 1984 when the PKK announced a Kurdish uprising. The first insurgency lasted until September 1, 1999 when the PKK declared a unilateral cease-fire. The armed conflict was later resumed on June 1, 2004, when the PKK declared an end to its cease-fire. Since summer 2011, the conflict has become increasingly violent with resumption of large-scale hostilities. At first quarter of 2013, Turkish Government and jailed PKK leader Abdullah Öcalan started a new process regarding Kurdish question. As of 21 March 2013, Öcalan announced the end of armed struggle and ceasefire with peace talks.

The PKK was estimated to have between 10,000 and 15,000 fighters, 5,000 to 6,000 of which inside Turkey (the rest in neighbouring countries) as well as 60,000 to 70,000 part-time guerillas, as of 1994. In 2004, the Turkish government estimated the amount of PKK fighters at approximately 4,000 to 5,000, of whom 3,000 to 3,500 were located in northern Iraq. By 2007 the number was said to have increased to more than 7,000. The PKK's leader Murat Karayilan claimed the group had between 7,000 and 8,000 fighters, 30 to 40% were in Iraq, and rest in Turkey where they were backed by an additional 20,000 part-time guerillas. High estimates put the number of active PKK fighters at 10,000.

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