

Panama Papers

Kebora Weir, Kristin Greer, Tanya Gonzalez, Starr Blake

¡Bienvenidos a Panama!

- Located in Central America
- The Panama Canal
- Population: +4m
- Language: Spanish
- Climate: Tropical
- Currency: U.S. Dollar

Perfect country to create and maintain an international business



Company Profile & History



MOSSACK  FONSECA

- Company Name: Mossack Fonseca & Co.
- Founded: 1977
- Founder: Jürgen Mossack and Ramón Fonseca
- Headquarters: Panama City, Panama
- Legal and administrative support
- Management of client's assets
- Financial advice for individuals and corporations
- Pride in maintaining client confidentiality and privacy
- Global network of offices



Summary of Events

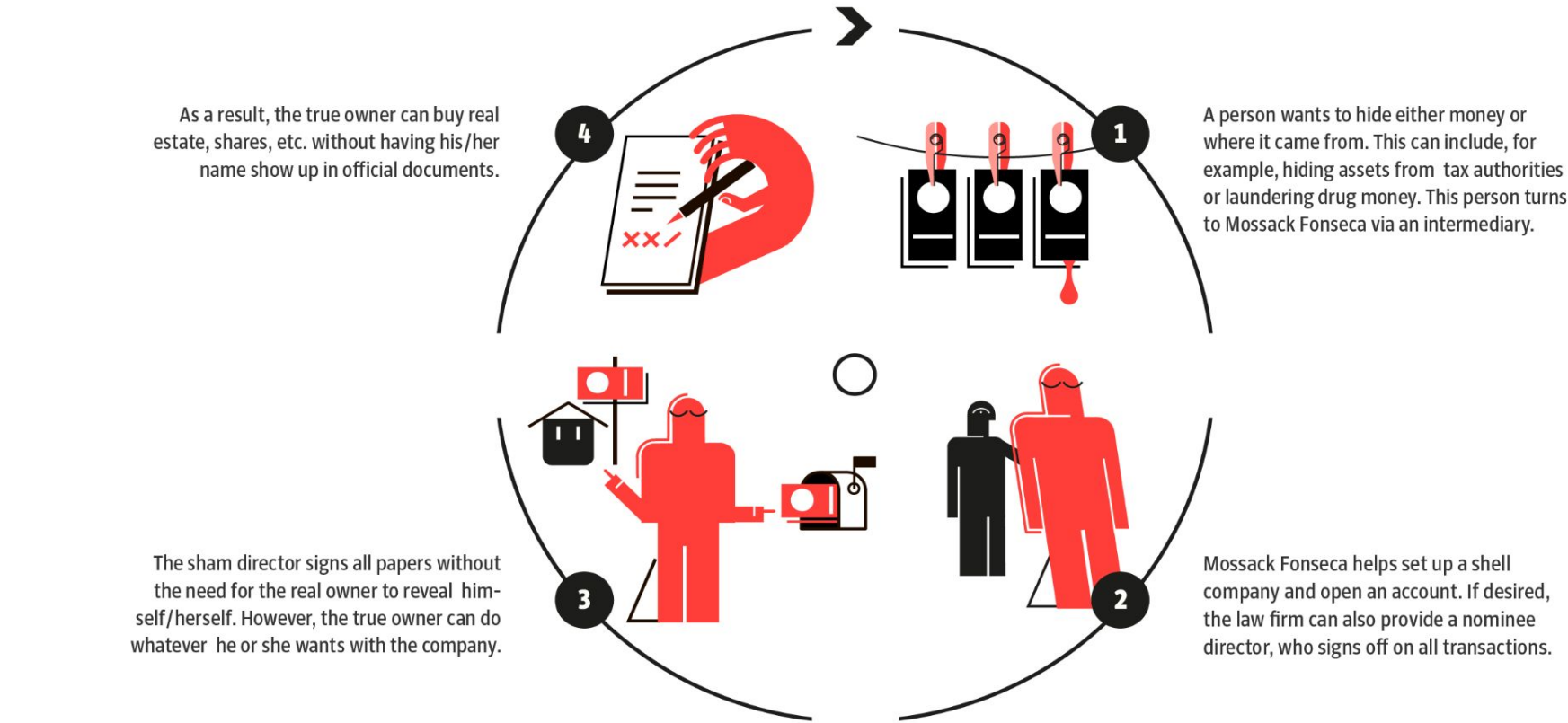
At least **150** reactions in **80** countries

This number includes inquiries, audits or investigations by police, customs, finance crime and mafia prosecutors, judges and courts, tax authorities, parliaments and corporations.



The business model

How Mossack Fonseca helps its customers hide their business dealings



Behavior of the Why: Using OffShore Accounts

Pros

- Privacy - offers higher financial privacy vs traditional banking, countries with banking secrecy laws, little to no regulation
- Asset Protection - protections from lawsuits, legal threats
- Tax Benefits - known as “tax havens”, lower tax rates, manage economic stability
- Exposure - financial exposure across economies “don’t leave your eggs in one basket”, international market asset

Cons

- Cost - not cheap to maintain an offshore account (higher fees than traditional banking)
- Reputational Risks - IRS surveillance, Negative connotation of tax avoidance, money laundering, illegal activities
- Economic impact - security during financial instability

Who uses offshore?

- Expatriate workers or digital nomads
- Global investors
- Hedge or investment funds
- High-net-worth individuals
- Individuals seeking financial privacy
- International or multinational businesses



Behavior of Why: WhistleBlower

- Conviction

- “Making the decision to compile the data available to me at Mossack Fonseca took days and felt like looking down the barrel of a loaded gun, but ultimately I had to do it,” the whistleblower said.

- Feared for their lives

- Identity/gender never revealed
- Used computer software to speak words into text
- “Unfortunately, the German government violated its agreement soon after, and from my vantage point put my safety at risk,” they said. “Once the German federal police had the data, I was essentially left on my own to defend myself with no protection of any sort. I felt this was unwise as the threat to my safety did not diminish at all, and if anything increased.”



Behavior of Social Media

- **Spanish-language Twitter research** - The methodology of this research involved studying Spanish-language Twitter reaction to the news.
 - 113,000 + Spanish language Tweets in the subsequent fourteen days
- **Researched patterns:**
 - Social position encouraged social actors to speak in certain ways. Increased levels of corruption in the speaker's country was associated with expression of outrage.
 - Speaking patterns were learned as participants become more embedded in the social media machine. Over time, participants become more machine-like in that their outrage was removed from the repertoire of responses.
 - The length constraints of Twitter produced responses that were either emotive or reasoned.



Response

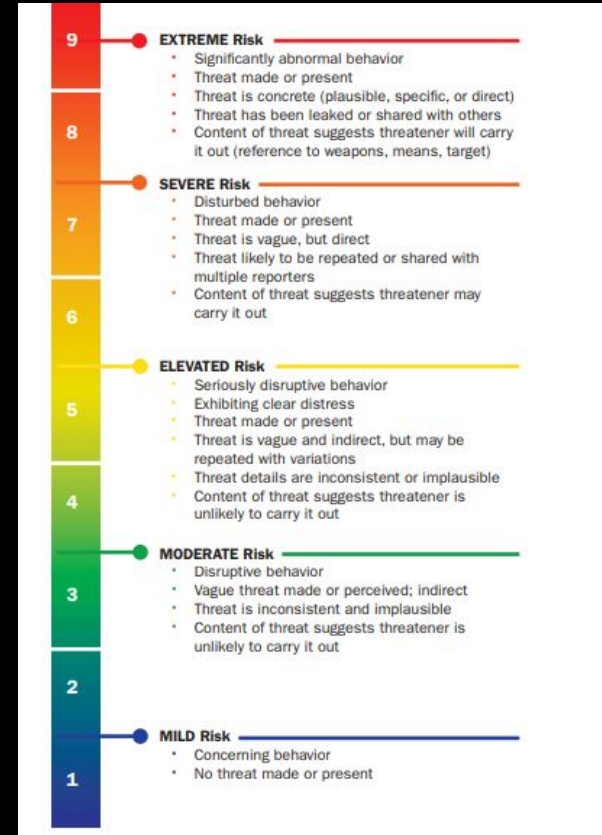
Denial of Wrongdoing: At first, Mossack Fonseca denied any wrongdoing, claiming the company had always functioned legally and had not taken part in any illicit activity. They asserted that all they were doing was offering customers looking for lawful offshore structures for asset protection and privacy legal assistance.

Journalists & Hackers: Firm shifted blame to journalists being hackers who caused the data theft had broken laws protecting privacy and secrecy.

Media Reporting Criticism: The firm expressed disapproval of how the media covered the Panama Papers. They contended that the incident was sensationalized by the media, which unjustly damaged their reputation.

Modifications to Business Procedures: Firm ensured that they would stop serving individuals that posed a “significant danger”.

- Risk Rubric is an assessment that assigns a level of risk based on behavioral data after a person has been identified.



Cost

- Lost their clientele's trust, and confidence.
- Money recoupment efforts against their clients.
- Law firm's reputation was tarnished.
- The firm was dissolved in 2018.
- Effects were global and far reaching, clients lost jobs/positions.



Lessons Learned

- The cyber security protections of Mossack Fonseca's system was very flawed
- The email server was outdated and did not maintain any level of data encryption protocols were in place
- Drupal, the access point for client portal- had a number of significant vulnerabilities and was out of date
- There was no level of data safeguards in place. All employees had access to the company's entire information.
- All of the companies data ran on one server and there was no regular management of data archiving.
- No "insider probe" protocols were in place to check for internal vulnerabilities
- No encryption, security measures, incident response, root cause investigation



