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Tax Evasion Case Emerges as Latest Headache for Greece's Coalition

By Jenny Paris

A Greek journalist at the center of a tax evasion and media censorship controversy has emerged as the latest headache for Greece's fragile ruling coalition.

Costas Vaxevanis was already a well-known investigative television journalist in Greece when the police showed up at his doorstep on Sunday to arrest him for allegedly breaching privacy laws after publishing the names of Greeks with Swiss bank accounts in his magazine. But the publicity that followed his arrest, and subsequent trial both in Greece and abroad, has exposed the government to charges ranging from incompetence to conspiracy as well as cover-up allegations.

The case has been criticized by international journalist bodies as a violation of press freedom and "an absurd farce" in a country already mired in recession.

If a cover-up was the aim of the authorities' actions, they have failed. The case has drawn even more attention to a bizarre, weeks-long saga over the disappearance and then sudden reappearance of the list of the names, which allegedly reveals information about potential tax dodgers. In the days following Mr. Vaxevanis' arrest, more media outlets, including a mainstream daily newspaper, published the list, which includes the names of some of Greece's business and political elite.

The head of the International Federation of Journalists, Jim Bumelha, who attended Mr. Vaxevanis' trial Thursday said journalists all over the world were watching the case.

"If something happens to Costas, we will gather all of the forces that we have got, wherever we are, to campaign for his release," Mr. Bumelha said. Mr. Vaxevanis was acquitted late Thursday evening.

The speed with which Greek authorities moved to arrest and put Mr. Vaxevanis on trial is in sharp contrast to the government's failure to act on the list for more than two years even as the country has been desperate for funds.

While prosecutors moved to have Mr. Vaxevanis arrested within 24 hours of publishing the account holders' names in his magazine – he was then brought to court less than a week after being arrested Sunday – Greek officials were much slower in their response upon receiving the list.

The list of [HSBC](#) account holders – known in Greece as the Legarde list – was originally leaked by a bank employee and handed to then Greek Finance minister George Papaconstantinou in 2010 by

France's then finance minister Christine Lagarde.

Over the next two years, the Greek government cut pensions and wages, raised taxes and made bold statements about cracking down on widespread tax evasion as part of pledges to international creditors. But it appeared to show no urgency in vetting a potential treasure trove of more than 2,000 wealthy Greeks.

While the existence of the accounts doesn't necessarily provide evidence of tax evasion, it could have been a good starting point for Greece's struggling tax fraud squad. Tax fraud costs Greece as much as €28 billion a year according a study by Margarita Tsoutsoura of the University of Chicago's Booth School of Business and it's mainly prevalent among well heeled professionals, such as doctors, lawyers and architects among others—many of which were featured on the Lagarde list.

Having bounced from the finance ministry to the tax fraud investigators and back, the list was eventually deemed useless by the previous government as the product of a crime. It then languished in the drawers of former Finance Minister Evangelos Venizelos until it emerged last month in the form of a memory stick and was handed to the current government.

Now with the case out in public and with possibly nothing left to hide, the current Greek government still appears unsure over how to act. Calling an investigation into how the matter was handled was its first response but this will likely result in lawyers rather than taxpayers benefiting the most in the short term.

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