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## Foreign Tax Evaders Park Money in US Banks

Even as the IRS wages war against offshore banks that solicit deposits from US citizens in attempts to evade paying taxes on them, US banks are playing the same game with foreign depositors. 'Move your cash to our country. We will keep it safe and secret,' seems to be their pitch.

Incidentally, that was the tune sung by Swiss banking giant UBS Bank that was recently forced to pay millions of dollars in fines and admit to covertly courting US taxpayers to deposit money with them in their bank's accounts protected by Swiss banking laws.

But US banks play the same game with wealthy depositors from Third World countries, according to tax evasion experts, making the US the world's biggest tax haven. Jack Blum, a former US Senate investigator and an authority on offshore tax shelters, says US bankers "sell tax evasion to citizens of Central America, the Caribbean, all over Latin America." And the government has not put a stop to this simply because it does not want to stem the flow of foreign money into the country.

But US banks deny soliciting deposits from foreigners to enable them to evade taxes in their home country. According to Alex Sanchez, President

of the Florida Bankers Association, foreigners choose to park their money in the US not to evade taxes but to keep it out of the reach of tyrants and kidnappers.

There is an estimated \$3.6 trillion in foreign funds deposited in US banks. The government does not keep records of depositors who bring in these funds so it cannot give any information to poorer countries like Mexico whose citizens have siphoned money into the US. However, there is one exception. It's money deposited by Canadians. The Canadian and US governments have a banking information exchange pact with each other. Mexico for one, has tried to formulate a similar pact with the US government but so far has been unsuccessful.

There are plans to revive a 2001 plan that obligates US banks to report interest paid to foreign nationals. The IRS said this proposal reflects a "growing global consensus" about the need for nations to cooperate on tax enforcement.

But many are opposed to this proposal, saying it would do the economy irreparable damage. For instance, all 25 members of Florida's US House delegation from both sides of the political divide wrote President Barack Obama to say that the proposal would scare away foreign capital.