

Panama Papers Hub in Miami: Citigroup's [Very] Private Bank

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The Citigroup Private Bank at 201 South Biscayne Blvd. in Miami is located in a 34-story building in downtown Miami with breathtaking views of Biscayne Bay. It's also the address for [dozens of offshore companies](#) whose agent is Mossack Fonseca, the law firm at the center of the Panama Papers scandal. The graph below shows just some of those companies, a number of which were incorporated as recently as 2013 through 2015. (Some companies indicate they are no longer active.)

This new information comes from a search of the [public database](#) made available by the International Consortium of Investigative Journalists (ICIJ), which received more than 11.5 million leaked files from the Panama-based law firm, Mossack Fonseca, which ICIJ calls "one of the world's top creators of hard-to-trace companies, trusts and foundations." The full cache of records has yet to be made public and is being investigated by journalists around the world.

To fully appreciate Citigroup's links to the Panama Papers scandal, a bit of history is in order. Citigroup was publicly thrashed by Senators Susan Collins and Carl Levin, Chair and Ranking Member, respectively, of the Senate's Permanent Subcommittee on Investigations following an in-depth investigation in 1999 of its facilitation of [moving hundreds of millions of dollars of looted wealth](#) by heads of state or their relatives from struggling countries to secret accounts in offshore havens. Senator Levin explained how private banks work at the November 9, 1999 hearing:

Once a person becomes a client of a private bank, the bank's primary goal generally has been to service that client, and servicing a private bank client almost always means using services that are also the tools of money laundering: secret trusts, offshore accounts, secret name accounts, and shell companies called private investment corporations. These private investment corporations, or PICs, are designed for the purpose of holding and hiding a person's assets. The assets could be real property, money, stock, art, or other valuables. The nominal officers, trustees, and shareholders of these shell corporations are often themselves shell corporations controlled by the private bank. The PIC then becomes the holder of the various bank and investment accounts, and the ownership of the private bank's client is buried in the records of so-called secrecy jurisdictions, such as the Cayman Islands.

Private banks keep prepackaged PICs on the shelf, awaiting activation when a private bank client wants one. Shell companies in secrecy jurisdictions managed by shell corporations which serve as directors, officers, and shareholders—shells within shells within shells, like Russian Matryoshka dolls, which in the end can become impenetrable to legal process. Private bankers specialize in secrecy. Even if a client doesn't ask for secrecy, a private banker

often encourages it.

In the brochure for Citibank's Private Bank on their international trust services, in the table of contents, it lists the attractiveness of secrecy jurisdictions this way: 'The Bahamas, the Cayman Islands, Jersey, and Switzerland, the best of all worlds.' This brochure also advertises the advantages of using a PIC. One advantage it lists is this one: 'PIC assets are registered in the name of the PIC, and your ownership of the PIC need not appear in any public registry.' Secrecy is such a priority that private bankers have at times been told by their superiors not to keep any record in the United States disclosing who owns the offshore PIC established by the private bank.

The second thing you need to know about Citigroup is that it is [currently under investigation](#) by the Justice Department for questionable money-laundering controls at its Banamex USA unit.

The final thing you need to know is that instead of yanking the bank charter from this [serially malfeasant corporation](#), the U.S. government provided Citigroup with the largest taxpayer bailout in the history of modern finance after it collapsed under the weight of its own hubris in 2008.

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