

Katten Partner Tells *Bloomberg Tax* That Overreaction to the Pandora Papers Leak May Cause More Harm Than Good

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In a *Bloomberg Tax* podcast interview, Josh Rubenstein, partner and national chair of the Private Wealth practice, said he worries that a regulatory crackdown prompted by the massive Pandora Papers leak could ultimately invade the privacy of law-abiding people who use trusts to manage their wealth.

Explaining how offshore trusts are like powers of attorney, Josh said:

"The courts and the regulators don't see the 999 times out of a 1,000 that they're used properly. Those don't come to their attention. It's the one time out of a thousand when they're used for abusive purposes, whether it be tax evasion or money laundering. Those are the ones that come to the attention of the regulators and the courts."

Josh asserted that offshore financial centers are already highly regulated. Attacking those institutions only hurts the very legitimate reasons individuals use these facilities. A better approach would be for countries set up stronger legal and tax systems that cover the offshore assets currently at issue.

Rather than "going after a gnat with a bazooka," Josh said governments can take a more targeted approach that would protect legitimate uses of trusts. At the same time, Josh said stronger transparency provisions could help.

["Pandora Papers Offer Peek Into Private World of Rich \(Podcast\)," *Bloomberg Tax*, October 8, 2021](#)

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