



What Panama Papers say - and don't say - about Trump

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The massive leak of documents known as the Panama Papers illustrates how Donald J. Trump and others seek to profit off his very name alone.

The real estate mogul and billionaire doesn't appear to be the direct owner of any offshore company formed by Mossack Fonseca, the Panamanian law firm that is now the subject of multiple investigations after its documents were leaked to journalists.

The Trump name shows up on 3,540 of those leaked documents, many shedding light on what has become a business model. Some of his associates and business partners are also in the files.

Early in his career, Trump developed properties. Over the decades, he has increasingly let others invest the capital and take the risks. He sells them his name and reputation, and is paid millions in return.

That's the case with the Trump Ocean Club International Hotel & Tower in Panama. In the law firm's files, it is the most frequent association with Trump's name, since his business partners in the project appear as buyers of condo units, some of whom create offshore shell companies with Mossack Fonseca for the purchase.

More on that shortly.

Some Trumps aren't Trumps

McClatchy's reporters are among 400 journalists across the globe coordinated by the International Consortium of Investigative Journalists that are searching the leaked law firm's documents. The 11.5 million files contain emails, financial information, passports and incorporation papers for offshore companies.

The Republican presidential candidate has disclosed that he has 515 companies, with 378 registered in Delaware, he said last week while campaigning.

In many cases, others, like Trump, seek to capitalize on his famous name.

Trump Wise Investment Ltd. was created by the Hong Kong firm Instant Companies Limited and registered in the British Virgin Islands from 1998 to late 2005. The secret documents show Mossack Fonseca did not even know who the shareholders were.

Similarly, Trump World Capital Ltd in the British Virgin Islands was opened in late 2006 by Mossack Fonseca's Singapore office. It remains active, with shareholders listing addresses in Palembang, Indonesia. One shareholder is a young woman whose LinkedIn profile describes her as merchandising supervisor at a small clothing retailer.

Neither of these appear to be connected to Trump in any way.

Brand Trump

Trump is distinctive because his name, in many ways, is actually his business. His name is a brand, synonymous with both luxury and brashness. The simple use of his name garners licensing fees and royalties. Panama offered him entry into a new line of business for the Trump empire — waterfront resorts in Central America.

In a promotional video ahead of the opening on July 6, 2011, Trump said he fell in love with the country during one of the Miss Universe contests he owned.

“And we’re now doing a great, great project in Panama that’s selling like hotcakes, and I think it’s one of the most beautiful buildings in the world,” Trump said, speaking in the collective and sounding like an investor. “So I’m really honored to be involved in Panama.”

However, the fine print on the resort’s webpage, reveals the hallmark of Trump’s business model.

“Trump Ocean Club International Hotel & Tower Panama is not owned, developed or sold by Donald J. Trump, the Trump Organization or any of their principals or affiliates,” it reads. “Newland International Properties, Corp., the owner and developer of the property, uses the ‘Trump’ name and mark under license from Trump Marks Panama LLC, which license may be terminated or revoked according to its terms.”

Newland, the project developer, paid Trump for the right to have his name splashed all over the 70-story mega condo, hotel, marina and casino constructed in the shape of massive sail. A draft contract found in the secret files suggests Trump also gets from Newland a small percentage from every condo sold, something later confirmed by the original developer.

To ensure that the hotel meets his quality standards, Delaware-based Trump Panama Hotel Management LLC manages the hotel operations. And K Group, owned by developer Newland, pays Trump Marks Panama about \$5 million annually for the Trump name, the candidate’s financial disclosures show.

“You know Donald Trump. First it’s we, we, we, we, but after a while it’s me, me, me, me,” said Roger Khafif, who had the vision for the project and ran the company that developed the Trump resort. “That’s the art of the deal.”

Newland raised about \$220 million in bond sales to fund the resort’s construction, but the bonds were downgraded just months after the ribbon-cutting ceremony. By 2013, the developer of the luxury resort that bore Trump’s name — despite his having little financial investment — filed for Chapter 11 bankruptcy protection to restructure what it owed bondholders.

The bankruptcy affected Trump's licensing fees, according to an Oct. 11, 2015, report by [the Associated Press](#) that said Trump's total payout remained between \$32 million and \$55 million. The upper-end figure suggests his payment consumed a quarter of the money raised from the bonds.

Trumpless in Cartagena

Fernando March, an Ecuador-based investment banker and CEO of S&F Managers LTD, used Mossack Fonseca to create a trust so investors could contribute to projects such as one in Cartagena, Colombia. He asked Trump to invest in a multi-use development that included two hotels, condos and a golf course.

March said he met twice with Trump in 2013 but the billionaire wasn't willing to invest any money. He did offer the use of his name — for a fee. March even offered to change the posh Delano or Mondrian Hotels into a Trump-named hotel.

“He was not willing to invest and at that time we needed someone to put the money down,” said March. “We were not willing to use his name without any money. That is the kind of business he would love to do.”

Naming names

Over decades Trump has built a sprawling global real-estate empire, along with clothing lines and even a now-defunct university program that bears his name. So it's no surprise that his business partners might appear in the documents that leaked from Mossack Fonseca.

Much like Hillary Clinton, the [subject of an earlier Panama Papers story](#) by McClatchy, Trump's ties to people in the documents or their offshore companies are indirect. Like Clinton, he's associated with people who turn up in the offshore world.

Vincent H.S. Lo appears in the documents. The Hong Kong businessman is seen as a Trump-like Asian celebrity businessman. Like Trump, Lo had his own TV show, called “The Winner.” He made a fortune developing China's business capital of Shanghai.

A decade ago, Trump sued Lo for \$1 billion over the sale of a Manhattan property they jointly owned. The sale in 2005 was at the time viewed as the biggest residential retail sale in New York history, and Trump thought the \$1.76 billion sale price was too low.

Lo's company, Shui On, owns SOCAM Development Limited, which operates an active offshore company in the Bahamas called T.H. Industrial Management Limited that was registered in 1994. SOCAM officials did not return emails requesting comment.

Camilo Benedetti, an investment banker for one of Trump's partners, Yun Capital Group, provided his passport to Mossack Fonseca to create what his lawyer called “a virtual office.” Often offshore companies use virtual offices to give the appearance of a brick-and-mortar firm. Calls and emails to company officials in Hong Kong and New York weren't returned.

Yun Capital Group, a frequent partner on Trump projects around the world, and Trump are partnering on a planned luxury tower in Bogota.

Trump's campaign declined to comment about his partners or his business practices.

Having associations with business people who use the offshore world won't likely damage Trump politically, said Michael Tanner, a senior fellow at the libertarian Cato Institute.

That, said Tanner, is because "essentially he's running on, 'I'm a rich guy and I know rich guys.' He's not trying to hide it in any way."

Offshore shell companies are legal and have legal uses. But they can often be abused, as the leaked documents show, for everything from laundering drug money to hiding the fruits of corruption and tax evasion.

Trump campaign aide's links

Former partners and associates of Trump campaign strategist Paul Manafort, a lawyer and lobbyist, appear in the Panama Papers too. One is a Russian aluminum magnate Oleg Deripaska, currently suing Manafort and investment partners in a Cayman Islands court over a \$26 million offshore entity that went bust about eight years ago.

"He and others gave deposition testimony last year under the auspices of the U.S. District Court for the Eastern District of Virginia, at the request of a Cayman Islands court," Richard Hibey, Manafort's lawyer, confirmed, adding Manafort has never done business through Mossack Fonseca. "The proceeding in the Virginia federal court is 'terminated.'"

The documents show Deripaska as the true owner of Batu Mining Limited, an offshore company opened in the British Virgin Islands in 2003 and designed, the documents said, for investments in the Mongolian coal mining business. Attempts to reach Deripaska through his website and a Cyprus firm handling his offshore went unanswered.

A 2009 British lawsuit names Ziad Takieddine, a Franco-Lebanese businessman, as the owner of an offshore company called Warwick Estates Limited in the British Virgin Islands. The lawsuit, found in Mossack Fonseca files, suggests the offshore was a holding company for pricey London property.

Manafort and Takieddine have both become involved with an investigation of an ongoing scandal in France from 1995. The inquiry was about arm sales and the campaign funds of former French President Edoard Balladur, who Manafort was then advising.

"(Manafort) was interviewed by USDOJ (Justice Department) at the request of the French authorities. He was thanked for his cooperation. Nothing more transpired," Hibey said, denying Manafort had any relationship with Takieddine.

The ties that wind

Trump partners or customers who appear in the leak of Mossack Fonseca documents now avoid association with the beleaguered Panamanian law firm.

Khafif's, the resort developer, appears by name 118 times in the leak, mostly in contracts for the purchase of specific units. Khafif is working on the other side of Mossack Fonseca lawyers to close the sale.

"That's it. We have no relationship with Mossack Fonseca," said Khafif insisted. "I don't know them."

But the buyers of these units, some of them Americans, are often using offshore companies set up by Mossack Fonseca. Payments are sometimes made through the firm's trust service.

One such offshore company was Trump Ocean Club Unit 2710 Inc., registered on May 7, 2007. Its shareholders include Connecticut lawyer Carlton Hume, who couldn't remember why he and partners tapped Mossack Fonseca to create his offshore company before the project was built.

"They were obviously pitching stuff to folks in the U.S. to buy in their development," Hume said. "If I had to guess, I would guess that it was the developer who recommended them to us."

While the documents show they formed an offshore company in Panama to buy the unit, Hume said they backed out when the project appeared to be in trouble.

Seeing green in Trump

An industrial engineer, Carlos Saravia was Newland's chief operating officer for the Trump-named Panama resort project. Reached by phone, the Colombian businessman first denied ever working with the Panama Papers law firm.

But when confronted with his email exchanges with Mossack Fonseca lawyer Ramses Owens, Saravia offered that maybe the Panamanian firm pitched its services to the Trump-named project.

"Because they offered, and we received them, and we heard them out and that's it," he said. "We solicited bids from various Panamanian firms."

The emails show Saravia reached out to Mossack Fonseca, even agreeing to pay travel expenses up to \$2,500 for each of two Mossack Fonseca lawyers.

After internal debate about who should go, Owens responded to Saravia. "We've talked about this with the upper management. It will be a great pleasure visiting you in Colombia," he said.

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