



A former undercover federal agent explains:

Why it's a bad idea to defund the IRS

House Speaker Mike Johnson, Majority Leader Steve Scalise and U.S. Rep. Kevin McCarthy have been working overtime to convince hard-working middle-class Americans that it is in their best interest to defund the Internal Revenue Service. They claim Democrats want to restore the IRS budget because, as McCarthy put it, they "want to track every penny you earn, so they can then tax you and your family at the maximum possible amount." That is a pitch that surely strikes fear in the hearts of most Americans — "Oh, my God, they're coming after me." But, are Johnson, Scalise, McCarthy and the Republican majority sincere? To get



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One might wonder how the superwealthy can still hide their money and throw the tax burden on the rest of us. Here's another example of how they do it.

to the heart of this matter, I suggest we follow the advice of Yogi Berra, a man known as much for his wit as for his Hall of Fame baseball talents. One of his best-known quotes, "You can observe a lot by just watching," fits this puzzle perfectly.

IRS officials say their budget, which has been slashed by Republicans over the past decade, needs to be restored to where it was when

they could more effectively do battle with the superwealthy that have armies of banks, bankers, attorneys and financial service providers helping them evade taxes. They also need funding to upgrade their automated systems and to increase the number of employees who can accurately answer questions for everyday citizens who cannot afford accountants and lawyers. Johnson, Scalise,

McCarthy and others suggest the IRS will "pull a fast one" on the public. They will say they're going to use funds to go after fat cats, but they'll cook the books and use the money to go after "the little guys."

The only way the IRS can "pull a fast one" on the American public is if Johnson and other elected officials fail to do their jobs. The House Committee on Ways and Means and the Senate Committee on Finance have the power to closely track how the IRS spends its budget. If the IRS says they are going to go after the megarich, but go after the average Joe, those committees should make heads roll at the IRS. Congress also has the resources at the Government Accountability Office, the Office of Management & Budget and the Treasury Inspector General for Tax Administration to ensure that IRS

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officials appropriately spend the money they say they desperately need to make the rich pay their fair share.

One might wonder how the superwealthy can still cook their books, hide their wealth and throw the tax burden on the rest of us. Aren't there tons of reports that banks are forced to file with governments about squirrely transactions? And how about all those regulations requiring people to disclose their control and interest in foreign bank accounts? The rich cannot get around those guardrails, unless they could get unscrupulous banks, bankers, lawyers and financial service providers to conspire with them to evade income taxes. That may have happened years ago, but with all these new checks and balances, that cannot happen today, can it?

Well, as Yogi would say, "It's like *deja vu* all over again." Thanks to the IRS Criminal Division, only weeks ago, Banque Pictet, a Swiss bank, confessed to the same crimes that many banks have been caught committing during the past two decades. Some of Banque Pictet's employees in offices around the world helped hide \$5.6 billion in assets for hundreds of U.S. citizens by forming and managing 1,637 secret accounts. The \$5.6 billion in hidden assets the bank managed for U.S. tax cheats is more than one-third of the \$14.3 billion Johnson wants to cut from the IRS budget. Imagine the relief everyday taxpayers would enjoy if the IRS had the resources to go after the many other shady banks conspiring with the superwealthy.

Among the many criminal tricks employed by the bank was their establishment of coded foreign trusts and their concealment of the fact that the



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The exterior of the Internal Revenue Service building in Washington is pictured in 2013.



A screenshot of the Department of Justice webpage announcing the news that Banque Pictet had admitted to teaming up with wealthy taxpayers to hide assets.

accounts were controlled by U.S. tax cheats by having others falsely appear to be the beneficiaries of the accounts. In pleadings, the bank admitted that all of this was done with the knowledge and approval of the bank's senior management. I wish this conduct was an anomaly, but it is not. It

is standard procedure in much of the international banking community.

The bank technically pleaded guilty. I say technically because, pursuant to an agreement with federal prosecutors, if the bank fully cooperates, pays a fine of \$122.9 million, and does not com-

mit any more crimes, the indictments against the bank will be dismissed.

So, if there is irrefutable proof that banks like Banque Pictet willingly commit crimes for the superwealthy and put their fingers on the scale of fair taxation through a maze of lies, why would House Speaker Johnson and so many other Republican politicians be eager to tie the IRS' hands behind its back? Could it be to help protect Republican megadonors?

Several years ago, journalists obtained a treasure trove of 11.5 million secret documents created by, and taken from, a Panamanian offshore law firm and corporate service provider, Mossack Fonseca & Co. This firm is just one of hundreds of companies that provide similar services to the super-rich that seek

to hide their wealth in offshore tax havens. After receiving Mossack Fonseca's documents from a whistleblower, journalists compiled the data in a searchable database and dubbed the records of nearly 215,000 offshore entities "The Panama Papers." Whistleblowers have since provided similar leaks of secret megadata to journalists, which has ripped away the veils of secrecy used by the super-rich to shield their business and personal affairs.

As reported by The Guardian and other respected news outlets, a review of the leaked Panama Papers documents disclosed that six Republican superdonors kept their money in foreign corporations maintained in tax havens. Collectively, these donors have previously pumped hundreds of millions into federal and state races in support of Republican candidates. These megadonors included investment banker Warren Stephens, businessperson Charles Koch, the recently deceased casino magnate Sheldon Adelson, real estate magnate Geoff Palmer, casino magnate Steve Wynn and hedge fund manager Paul Singer.

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Robert Mazur, a federal agent for 27 years, is a court-certified expert in money-laundering related matters in both the U.S. and Canada. He is the New York Times bestselling author of "The Infiltrator," a memoir about the first half of his life undercover as a money launderer within Pablo Escobar's Medellín Cartel, and was an executive producer of the film by the same name. His new book, "The Betrayal," is a memoir about his final undercover assignment, a deep dive into Colombia's Cali Cartel and Panama's underworld that nearly cost him his life. He is president of KYC Solutions, a company that provides speaking, training, consulting and expert witness services globally.