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New Twist in Greek Tax Saga

By **ALKMAN GRANITSAS**

ATHENS—Greek authorities arrested a celebrated investigative journalist Sunday after his magazine disclosed the names of several thousand Greeks with Swiss bank accounts, including members of the country's political and business elite, a development that comes as an embarrassment to the government and will put more pressure on it to crack down on the country's chronic tax evasion.

The arrest of the publisher of Hot Doc magazine is the latest bizarre twist to a weekslong saga that has gripped the country and concerns over the attempts of the Greek government to track down alleged tax evaders from a list of names French authorities provided to them.

The publisher, Costas Vaxevanis, was later released after being charged with a misdemeanor charge for allegedly violating Greece's tough data-privacy laws by publishing the so-called Lagarde list.



European Pressphoto Agency

Costas Vaxevanis denied he violated privacy laws in publishing a list of Greeks with Swiss bank accounts.

Following his release, Mr. Vaxevanis denied he had violated the privacy laws. He also cited a recent case where another local newspaper published the tax returns of more than 100 local artists and hadn't been charged under the privacy laws. Mr. Vaxevanis's lawyer told The Wall Street Journal that Greek law exempted journalists from those laws under certain conditions, such as when the journalist discloses data such as lists of names in an unadulterated format.

The list—and the failure of Greek authorities to act on it for two years—has touched off controversy in recent weeks in a country suffering through the fifth year of a grinding recession, with the government preparing an additional €13.5 billion (\$17.5 billion) round of spending cuts and new tax measures.

Despite years of austerity, Athens's efforts to crack down on tax evasion—which costs the government as much as €28 billion a year, according to one recent study by Margarita Tsoutsoura of the University of Chicago's Booth School of Business—have been poor.

Few tax-dodging cases have been successfully prosecuted.

"Unfortunately, justice has been quick to move against those who reveal, while showing sluggishness against those who conceal, who lost, forgot, didn't see and didn't hear," said Greece's radical-left opposition party, Syriza.

The magazine published includes the names of 2,059 individuals and companies who in the past several years had an account at [HSBC Holdings](#) PLC's private bank in Switzerland. Neither the government nor judicial authorities have confirmed or denied the authenticity of the list published by the magazine.

According to the magazine, which says it received the list anonymously, the list includes the names of three politicians, including two former ministers—one of them dead—and a close adviser to Prime Minister Antonis Samaras. It also names several prominent local businessmen, as well as shipowners, doctors, lawyers, architects, actors, journalists and homemakers who held accounts at the bank.

Former Greek Merchant Marine Minister Giorgios Voulgarakis, who, along with his spouse, are among those identified by the magazine, categorically denied in a statement on his Twitter account Saturday that either he or his wife maintained any offshore bank accounts. Attempts to reach Mr. Voulgarakis were unsuccessful.

Citing Greek privacy laws, the magazine didn't disclose the amounts held in each account, but this month a former Greek finance minister offered the first estimate of the amount held in the accounts—about €1.5 billion. The magazine was also careful to stress that the existence of the bank accounts didn't provide prima facie evidence of tax evasion.

The list of names is drawn from data obtained by former employees of the bank, who electronically copied details on 24,000 clients. The information wound up in the hands of French tax authorities, as well as those of Italy and Spain. All three countries started probes to recover unpaid taxes.

In late 2010, former French Finance Minister Christine Lagarde—now head of the International Monetary Fund—gave the information to her then-Greek counterpart, George Papaconstantinou. In parliamentary testimony this month, Mr. Papaconstantinou blamed Greece's special financial crimes investigators for failing to follow up on the leads.

After leaving his post, Mr. Papaconstantinou passed the list to his successor, Socialist party leader Evangelos Venizelos, who took over as finance minister of the bankrupt Greek state in mid-2011.

Initially, Mr. Venizelos denied knowledge of the list but turned over a copy to the prime minister's office last month after speculation over its whereabouts grew.

He also explained that he hadn't acted on the list as finance minister after legal advisers told him that the information—which had been obtained illegally—couldn't be used. The Socialist party is part of the country's current coalition government.

Greece's current finance minister, Yannis Stournaras, has requested an original version of the list from French authorities at the request of Greek prosecutors.

Corrections & Amplifications

Former Greek Merchant Marine Minister Giorgios Voulgarakis is not on the so-called Lagarde list. An earlier version of this article incorrectly said he was. According to Hot Doc, Mr. Voulgarakis's

wife is on the list, as is an anonymous offshore company that Hot Doc claims is jointly controlled by both Mr. Voulgarakis and his wife.

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