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# Tax-Evasion Allegations Dog Greece

Article

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By [PHILIP PANGALOS](#)

ATHENS—A former Greek finance minister on Wednesday accused financial-crime investigators of failing to pursue leads against Greeks who salted away more than €1 billion in Swiss bank accounts, fueling a new round of finger-pointing over Athens' alleged failure to move against wealthy tax dodgers.


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Agence France-Presse/Getty Images

Bank employees in Athens protesting austerity measures Wednesday. Many Greeks also feel the government has failed to pursue wealthy tax evaders.

The controversy has become the hottest of Greece's political hot potatoes. Former ministers and judicial officials have sought to shift responsibility for the fact that information turned over to Greek authorities in 2010 wasn't used to combat tax evasion in a country where it is endemic and the government is struggling to pay off enormous debts.

The list of names is drawn from data obtained by former employees of [HSBC Holdings PLC's](#) private bank in

Switzerland, 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.

Christine Lagarde, at the time the French finance minister, gave the information to her then-Greek counterpart, George Papaconstantinou, said Mr. Papaconstantinou and other officials. It has become known here as the Lagarde List, after Ms. Lagarde, who is now the head of the International Monetary Fund.

In testimony before Parliament on Wednesday, Mr. Papaconstantinou said he had passed the list, which he said contained names of 1,991 Greeks, to Greece's Financial Crimes Squad. "I gave the data so investigations could take place," he said.

Two former heads of the Financial Crimes Squad, who were also called to testify before the legislature Wednesday, made written submissions that haven't yet been made public.

The individual names on the list haven't been disclosed. On Wednesday, Mr. Papaconstantinou offered the first estimate of the amount the individuals had held in the accounts—about €1.5 billion, or nearly \$2 billion.

The machinations surrounding the Lagarde List have stoked anger among Greeks suffering through the fifth year of a grinding recession and facing another round of government spending cuts and tax increases. Athens' efforts to crack down on tax evasion by small-time entrepreneurs and the self-employed have been publicly scorned amid the widespread perception that those with wealth and political connections aren't sharing the pain.

Tax evasion costs Greece €28 billion, according to a study by Margarita Tsoutsoura of The University of Chicago Booth School of Business—an amount equivalent to up to 15% of the country's gross domestic product. Many Greeks openly blame the nation's political

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and business elite for having taken a fortune out of the country over the past decade. Few tax-dodging cases have been successfully prosecuted.

The head of Greece's Socialist Pasok party, Evangelos Venizelos, has faced harsh criticism from the Greek media and opposition politicians for failing to investigate the Lagarde List when he succeeded Mr. Papaconstantinou as finance minister. Pasok is part of the country's current coalition government.

Initially, Mr. Venizelos said Mr. Papaconstantinou didn't inform him of the list. He later said he was given a copy during his term but said he was told by legal advisers that the information couldn't be used in a legal case as it had been obtained illegally.

After speculation about the whereabouts of the list grew, Mr. Venizelos turned it over last month to the office of Prime Minister Antonis Samaras. The prime minister's office quickly said it had forwarded the list to the country's top financial prosecutor, who is investigating.

Some Greek media, without providing evidence of wrongdoing, have raised the question of whether the list could have been altered over the past two years. Greece's current finance minister Yannis Stournaras said Wednesday he had requested an original version of the list from French authorities.

"The financial prosecutor requested that we ask for the Lagarde List from the French government again," Mr. Stournaras said in Parliament. "I have done this and I await it."

The flap comes amid another brewing political scandal. Greek media has reported that 36 politicians are under investigation for money laundering. One of those allegedly being probed, deputy interior minister Leonidas Tzanis, was found hanged in his home in an apparent suicide earlier this month.

The speaker of Parliament, Evangelos Meimarakis, who was also named in the media reports last month, said he would step down from his post until the allegations were cleared up. Mr. Meimarakis denied wrongdoing and said: "I am present and I will do whatever I can so that the truth can shine."

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