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Insight: Greek "tax cheat" lists yield one suicide, no convictions

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VOLOS, Greece (Reuters) - Leonidas Tzanis, a Greek provincial lawyer and former government minister, went down to his basement garage in the city of Volos last month, tied a TV cable to a metal beam and hanged himself.

Friends and family say Tzanis died because he was on a list, one of several hinting at financial crimes which are dominating Greek headlines and filling a vacuum created by the state's failure to act decisively on tax evasion and corruption.

Shortly before his suicide, the 57-year-old told a friend he could no longer bear the humiliation of seeing his name on a published list of politicians allegedly under investigation for offences ranging from tax evasion to amassing illegal wealth.

"Half of me died with him," said his brother Mihalīs, 67, a retired taxi driver in Volos. "We come from a poor family and he was a self-made man. He was very sensitive and the list really affected him."

The list published by Greek website zougla.gr in late September named 36 politicians, past and present, who it says were being investigated by the financial crimes squad.

It is just one of at least five lists that have driven Greek political gossip and headlines for the past couple of months.

In the middle of a national crisis, and in the absence of effective action against tax cheats and the corrupt, the lists occupy the ground somewhere between libelous rags and public charge sheets. Passed around by email, they are used by activists and journalists alike as a means of pressuring opponents.

In the feverish atmosphere, some believe that good people are being pulled down with the bad.

"The corrupt must be punished but innocent people are being dragged through the mud," said parliamentary deputy Mihalīs Karhimakis.

He came to the defense of Tzanis, a fellow socialist. "I don't believe he was implicated but some people are in the business of manufacturing guilty parties. How will they face God?" said Karhimakis, who appeared on the same list.

The government has not acknowledged the validity of any of the lists and nobody named has been charged with any wrong-doing. This has cemented Greeks' belief that a corrupt and incompetent ruling class has led the nation into crisis.

Both the conservative New Democracy and socialist PASOK parties, which have ruled Greece for decades, have repeatedly campaigned on anti-corruption tickets. Challenged on their failure to deliver results, they say it takes time to cure a chronic ill which is now in the hands of judicial authorities.

"It is up to the justice system to investigate and the Greek government does not interfere," a government official told Reuters on condition of anonymity.

So far, the only other obvious casualty has been journalist Costas Vaxevanis, who was briefly arrested last weekend for publishing the "Lagarde List", naming over 2,000 Greeks who held HSBC bank accounts in Switzerland.

Another list allegedly includes 50,000 Greeks who sent more than 100,000 euros abroad, a fourth carries those who moved out over 300,000 euros and a fifth names people who bought property in cities such as London, Paris and New York in the last decade.

Karhimakis, who has raised several scandals in parliament in recent years, said he had heard he was being investigated over what he says are false accusations that he owned three hotels, probably in revenge for his anti-corruption campaigning.

Like several others on the list, he said he took legal steps to expunge his name and said he secured public assurances from financial prosecutors that he is not being investigated.

TWO-SPEED JUSTICE

Karhimakis said Greek legal authorities were sometimes erratic, doing little to investigate the circumstances of Tzanis's death or major corruption cases, but rushing to arrest Vaxevanis. "We have a two-speed justice system," he said.

The government says the judicial system is independent.

In an uncommonly swift judicial move, the editor of the "Hot Doc" weekly magazine went on trial this week for publishing the Lagarde List which French authorities passed to Greece in 2010.

He is accused of violating privacy laws and faces up to two years in jail if convicted in a case that has caused an uproar among press and rights groups abroad.

Vaxevanis said three ministers had sat on the list for years and done nothing to bring tax dodgers to justice.



"Various lists are circulating around newsrooms, creating a sick political climate and being used for blackmail," said Vaxevanis, who claims to have received the list from an anonymous sender.

"It's time for authorities to stop telling the public fairy tales and start a real investigation into wrongdoing," he told Reuters. "They are covering up for those responsible, the politicians behind this."

The published list of 2,059 names includes dozens of prominent Greeks such as shipping tycoons and two politicians. It also names a painter, an actress and many listed as architects, doctors, lawyers and housewives. It does not include amounts.

Greek officials say the list originates from wide-ranging data stolen by a former HSBC employee, Herve Falciani, which the French authorities obtained. George Papaconstantinou, who was Greek finance minister at the time, has said he received the list from Christine Lagarde, then his counterpart in Paris and now head of the International Monetary Fund.

Lagarde and French officials have not responded to requests for comment.

Greek politicians have offered a variety of scenarios of what happened after the list arrived in Athens, but no full explanation of why authorities did not follow up on anything.

Papaconstantinou testified to parliament last week that he received the list from Lagarde and passed about 20 names to the financial crimes squad for checks. Drawing jeers from MPs, Papaconstantinou said he then handed a CD with the data to an aide who appeared to have misplaced it.

Evangelos Venizelos - who succeeded Papaconstantinou as finance minister and now leads the socialist party - said the squad's chief gave him a USB flash drive containing a list, but he was not sure if this was the original or had any value.

Venizelos delivered the drive to conservative Prime Minister Antonis Samaras a few weeks ago when he realized no other copy existed. The government has made no official comment but a source said the list was now in the hands of the justice system.

A CONTRAST TO GREECE

In contrast to Greece, which kept the list in drawers for years, other authorities around Europe have used Falciani's data to pursue cases of suspected tax evasion.

Athens has also been slow in clinching a deal with Swiss authorities on taxing money stashed away by wealthy Greeks in secret accounts. According to a May 2009 study by Helvea, Greeks held an estimate \$27 billion in Switzerland.

Britain and Germany have already signed agreements with Switzerland but Greek officials said preliminary talks launched last year were continuing and there was no progress to report. Swiss officials have not commented publicly on what is holding up the negotiations.

Reuters contacted more than 20 of the more prominent figures on the Lagarde list. Most declined or were unavailable to comment, but some have come forward to defend themselves.

Journalist Yiorgos Tringas said he ended up with a Swiss account by accident after HSBC bought Britain's Midland Bank, where he had an account at its Athens branch. Tringas said he cut his ties with the bank 12 years ago.

Businessman Lavrentis Lavrentiadis, who was charged by a Greek public prosecutors for fraud over a scandal that has led to the demise of the small Greek bank Proton, told Reuters his Swiss account was part of legitimate business activities.

He is awaiting trial on charges of defrauding the government and embezzling funds from Proton Bank, where he was a major shareholder, but he denies any wrongdoing.

"There is nothing grey and nothing illegal," said Lavrentiadis about his Swiss account. "The account for which I am listed has less than 50,000 euros."

The Lagarde list, which was also published by the major daily Ta Nea on Monday with extensive disclaimers about its validity, has so far produced no obvious leads into tax evasion.

Experts estimate that Greece's shadow economy amounted to more than a quarter of annual output in 2011, the highest level in the European Union and up slightly from 2009.

A June study by the Booth School of Business at the University of Chicago found that tax evasion cost the Greek state 28 billion euros in 2009. This equated to 31 percent of the budget deficit that year, and it said the prime evaders were outwardly respectable professionals such as doctors and lawyers.

The researchers did not need to count the yachts moored in expensive marinas or the mansions with swimming pools on Greek islands to make their point.

Gaining access to data at a top Greek bank, they found that professionals had debt repayments that almost exceeded the income they declared to the tax authorities. The self-employed earned 1.92 times the amount they reported, they said.

LITTLE PROGRESS MADE

In a recent crackdown on tax dodgers meant to show the public some action is being taken, police arrested 1,114 Greeks in the first nine months of the year - from doctors to shop owners - but with little financial gain for the state.

Deputy Finance Minister Yiorgos Mavragannis told parliament in October that Greece had gathered just 19 million euros out of the 13 billion it is owed in uncollected taxes.

Financial crime units have bitterly complained in the past about cracking cases and arresting suspects only to see them get off on technicalities after several years in the justice system. A 2009 promise to create special tax courts has remained in the planning stages.

Court officials deny accusations they are chasing journalists who expose corruption while dragging their feet on prosecuting tax cheats. One official said the first published list, which prompted Tzani's suicide, did not bring arrests because it named public figures not private citizens.

This lack of action is fanning anger among a public which is often turning to extremist parties to protest waves of salary cuts and tax increases sweeping away their standard of living.

With none of the politicians implicated in a series of scandals convicted, the whole political class is held responsible and prominent figures are often heckled or attacked on the street.

In Volos, where in Greek mythology Jason and the Argonauts set sail to find the Golden Fleece, some local people had little sympathy for Tzanis. "If I were clean, I wouldn't be afraid of any list," said sales clerk Yannis Spyropoulos, 35.

Financial crime units in Athens and Volos, a port city, have denied they were investigating Tzanis's wealth. His modern, two-storey house in a pleasant Volos neighborhood was the result of hard work by him and his wife, the family said.

A father of two, Tzanis became a member of parliament in 1993, serving as deputy interior minister twice between 1999 and 2001. Eight years ago he returned to his law practice in Volos, disenchanted with politics, his brother said.

A childhood friend, radio journalist Giorgos Koumiotis, said he spoke to Tzanis shortly before the suicide but could not see what was coming. "He kept asking me if I had any information on the list and sounded anxious," Koumiotis told Reuters. "The last time I talked to him, he reminisced about our youth. I felt he was doing a flashback of his life."

One local resident said Greece's crisis has claimed many more victims than Tzanis.

"This death shook me," said neighbor Aspa Theodorou, 42, a housewife. "But I am moved more by the innocent, anonymous citizens who kill themselves because they are victims of this crisis."

(Writing by Dina Kyriakidou; Editing by David Stamp)

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