

CITI, MORGAN STANLEY, NOT PAYING THEIR TAXES

Add one more thing to the "no one could have imagined" file: The GAO reports that Citigroup and Morgan Stanley have been sneaking their money off shore so as to avoid paying taxes.

The new Government Accountability Office (GAO) report, released today by Sens. Byron L. Dorgan (D-N.D.) and Carl M. Levin (D-Mich.), lists Citigroup and Morgan Stanley as having set up hundreds of tax haven subsidiaries, along with American International Group and Bank of America. Also in the tax-haven list are well-known companies and such federal contractors as American Express, Pepsi and Caterpillar.

[snip]

"This report shows that some of our country's largest companies and federal contractors, many of which are household names, continue to use offshore tax havens to avoid paying their fair share of taxes to the U.S. And, some of those companies have even received emergency economic funds from the government," Dorgan said. "I think we should take action to shut down these tax dodgers, and we will be introducing legislation to do just that."

To illustrate the problem, Levin said the report found that Citigroup has set up 427 tax haven subsidiaries to conduct its business, including 91 in Luxembourg, 90 in the Cayman Islands and 35 in the British Virgin Islands. He said other havens include Switzerland, Hong Kong, Panama and Mauritius.

What Levin didn't say, of course, is that these tax havens allow them to avoid financial oversight, too.

But I'm sure that won't stop anyone from dumping billions of money into these firms—no questions asked—so they can continue to sneak the money off to the Caymans while the US goes broke.