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### Details of Filing

Document Lodged: Statement of Claim - Form 17 - Rule 8.06(1)(a)  
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File Title: PETER DAVID SCHIFF v NINE NETWORK AUSTRALIA PTY LTD  
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*Sia Lagos*

Dated: 18/10/2021 1:09:45 PM AEDT

Registrar

### Important Information

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## STATEMENT OF CLAIM

No. of 2021

Federal Court of Australia  
District Registry: New South Wales  
Division: General

### **PETER DAVID SCHIFF**

Applicant

### **NINE NETWORK AUSTRALIA PTY LTD**

First Respondent

### **THE AGE COMPANY PTY LTD**

Second Respondent

### **NICHOLAS McKENZIE**

Third Respondent

### **CHARLOTTE GRIEVE**

Fourth Respondent

### **JOEL TOZER**

Fifth Respondent

### **Parties**

1. The applicant (**Schiff**) is:
  - 1.1. a citizen of the United States of America;
  - 1.2. the founder and sole shareholder in Euro Pacific International Bank Inc, an International Financial Entity licensed in Puerto Rico and trading as Euro Pacific Bank (**Euro Pacific**);

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Filed on behalf of	<b>Peter David Schiff</b> , the applicant
Prepared by	Sue Chrysanthou SC and Nicholas Olson, counsel for the applicant
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- 1.3. has at all material times, prior to the publications below, been known in Australia as a stockbroker, economist, financial analyst and commentator with a good reputation.
2. The first respondent (**Nine**) was at all material times:
  - 2.1. a company liable to be sued in its corporate name and style;
  - 2.2. the licensee of the network of commercial free-to-air television stations known as the Nine Network;
  - 2.3. the broadcaster of the television programme known as *60 Minutes*;
  - 2.4. the publisher of the website located at the URL address [www.9now.com.au](http://www.9now.com.au) (**9now website**);
  - 2.5. the publisher of a channel titled "60 Minutes Australia" on the website YouTube, located at the URL address [www.youtube.com/channel/UC0L1suV8pVgO4pCAIBNGx5w](http://www.youtube.com/channel/UC0L1suV8pVgO4pCAIBNGx5w) (**60 Minutes Australia YouTube channel**).
3. The second respondent (the **Age**) was at all material times:
  - 3.1. a company liable to be sued in its corporate name and style;
  - 3.2. the publisher of the newspaper known as *The Age*;
  - 3.3. the publisher of the website located at the URL address [www.theage.com.au](http://www.theage.com.au) (**Age website**).
4. The third respondent (**McKenzie**) was at all material times:
  - 4.1. a journalist;
  - 4.2. an employee or agent of the first respondent and the second respondent.
5. The fourth respondent (**Grieve**) was at all material times:
  - 5.1. a journalist;
  - 5.2. an employee or agent of the first respondent and the second respondent.
6. The fifth respondent (**Tozer**) was at all material times:
  - 6.1. a journalist;

6.2. an employee or agent of the first respondent and the second respondent.

### **Broadcast**

7. On or about 18 October 2020, Nine, McKenzie, Grieve and Tozer published of and concerning Schiff, in the Australian Capital Territory and the other States and Territories of Australia, a television segment titled *Operation Atlantis*, a transcript of which is set out in **Schedule A** of this Statement of Claim (**Broadcast**):

7.1. Nine broadcast the Broadcast as the lead story on the 18 October 2020 episode of *60 Minutes Australia*.

7.2. McKenzie wrote and presented the Broadcast.

7.3. Grieve and Tozer were producers of the Broadcast.

7.4. Nine published the Broadcast in every State and Territory of Australia by broadcasting it on the Nine Network.

7.5. Nine caused the sense and substance of the Broadcast to be republished on the 9now website, where it was downloaded and viewed by people throughout Australia until 30 June 2021.

7.6. Nine caused the sense and substance of the Broadcast to be further republished on the *60 Minutes Australia* YouTube channel, where it has been downloaded and viewed over 293,000 times as at 30 June 2021.

7.7. Nine caused the sense and substance of the Broadcast to be promoted and republished, including on the Twitter and Facebook accounts of *60 Minutes Australia*.

7.8. Further particulars of publication and republication of the Broadcast will be provided after admissions, discovery, subpoenas and interrogatories.

8. In its natural and ordinary meaning the Broadcast was defamatory of Schiff and carried the following defamatory meanings (or meanings not different in substance):

8.1. By permitting his bank, Euro Pacific, to be used as a vehicle for around one hundred Australian customers to commit tax evasion, Schiff facilitated the theft of millions of dollars from the Australian people.

8.2. Schiff orchestrated an illegal global tax evasion scheme.

- 8.3. Schiff committed tax fraud.
- 8.4. Schiff knowingly facilitates tax fraud, in that he established his bank, Euro Pacific, in Puerto Rico for the purpose of enabling his customers to illegally hide their money from tax authorities.
- 8.5. Schiff knowingly assisted around one hundred Australians to illegally evade their tax obligations.
- 8.6. Schiff, through his bank Euro Pacific, knowingly assisted the notorious Australian criminal Simon Anquetil to perpetrate a \$100 million tax fraud.
- 8.7. Schiff, through his bank Euro Pacific, knowingly assisted Australian criminal Simon Anquetil to move his illegally obtained money offshore.
- 8.8. Schiff, through his bank Euro Pacific, knowingly assisted convicted drug-trafficker Darby Angel to hide the proceeds of his crimes.
- 8.9. Schiff, through his bank Euro Pacific, knowingly assisted convicted criminals and organised crime figures to hide the proceeds of their crimes.
- 8.10. Schiff, through his bank Euro Pacific, knowingly assisted convicted criminals and organised crime figures to launder the proceeds of their crimes.
- 8.11. Through his bank Euro Pacific, Schiff poses a grave organised crime threat to Australia.
- 8.12. Schiff is such an unscrupulous individual that he has no qualms about doing business with criminals and money launderers.

### **Article**

9. On or about 18 October 2020, the Age, McKenzie, Grieve and Tozer published of and concerning Schiff, in the Australian Capital Territory and the other States and Territories of Australia, the matter set out in **Schedule B** of this Statement of Claim (**Article**):
  - 9.1. The Article was entitled "*Operation Atlantis: The day the international tax authorities came knocking*";
  - 9.2. The Age published the Article in the 18 October 2020 edition of *The Age* newspaper, whereby it was distributed throughout the State of Victoria.
  - 9.3. McKenzie, Grieve and Tozer wrote the Article.

- 9.4. The Age caused or permitted the Article to be simultaneously published in the 18 October 2020 edition of *The Sydney Morning Herald*, whereby it was distributed throughout the State of New South Wales and the Australian Capital Territory.
  - 9.5. The Age caused the sense and substance of the Article to be republished on the Age website, where it was downloaded and viewed by people throughout Australia.
  - 9.6. The Age caused the sense and substance of the Broadcast to be promoted and republished on social media, including on its Facebook account.
  - 9.7. Grieve and Tozer caused the sense and substance of the Broadcast to be promoted and republished on social media, including on their Twitter accounts.
  - 9.8. Further particulars of publication and republication of the Article will be provided after admissions, discovery, subpoenas and interrogatories.
10. In its natural and ordinary meaning the Article was defamatory of Schiff and carried the following defamatory meanings (or meanings not different in substance):
- 10.1. Schiff orchestrated an illegal global tax evasion scheme.
  - 10.2. Schiff knowingly facilitated tax fraud, in that he established his bank, Euro Pacific, in Puerto Rico for the purpose of enabling his customers to illegally hide their money from tax authorities.
  - 10.3. Schiff knowingly assisted around one hundred Australians to illegally evade their tax obligations.
  - 10.4. Schiff, through the use of his bank Euro Pacific, assisted criminal Simon Anquetil to hide the proceeds of a \$100 million tax fraud.
  - 10.5. Schiff, through his bank Euro Pacific, assisted convicted drug-trafficker, Darby Angel, to hide the proceeds of his crimes.
  - 10.6. Schiff, through his bank Euro Pacific, assisted organised crime figures to hide the proceeds of their crimes.
  - 10.7. Schiff, through his bank Euro Pacific, assisted organised crime figures to launder the proceeds of their crimes.
  - 10.8. Through his bank, Euro Pacific, Schiff poses a serious criminal threat to Australia's security.

## **Damages and injunctions**

11. By reason of the publication of the Broadcast and the Article, and by reason of their further republication, Schiff has been brought into hatred, ridicule and contempt and has been gravely injured in his personal character and reputation, and in his professional reputation as a banker and financial advisor, and has suffered hurt and embarrassment and will continue to suffer loss and damage.

### **Particulars of general damages**

- 11.1. Since the publication of the Broadcast and the Article:

- (a) Customers have closed their accounts with Euro Pacific;
- (b) The Bank of Montreal has terminated its correspondent banking relationship with Euro Pacific;
- (c) Cambridge Mercantile Corp., trading as Cambridge Global Payments, has closed the account Euro Pacific held with it, significantly impacting Euro Pacific's operations, as it was reliant on this account to facilitate customers' payments in multiple currencies;
- (d) Euro Pacific is no longer able to trade in multiple currencies, including United States Dollars and Australian Dollars;
- (e) Euro Pacific has been unable to secure correspondent banking partners in Australia and elsewhere in the world;
- (f) American Express and Visa informed Euro Pacific that it was no longer eligible to be a global issuer of its debit or credit cards;;
- (g) Euro Pacific's financial auditor, Deloitte & Touche, has terminated its relationship with Euro Pacific;
- (h) Further particulars will be provided as they arise.

- 11.2. By reason of the matters particularised above, the value of Schiff's shareholding in Euro Pacific has declined since publication of the Broadcast and the Article.

- 11.3. In the premises of the matters particularised above, Schiff has suffered and will continue general loss in his business as a banker and financial advisor by reason of the publication of the Broadcast and the Article.

- 11.4. Further particulars of general damages will be provided as and when they arise.
12. Schiff's hurt and the harm occasioned by the publication of the Broadcast and Article were aggravated by his knowledge of the following matters:
  - 12.1. Grieve's misleading and deceptive conduct in requesting an interview with Schiff, in her email dated 20 August 2020, by representing that the purpose of the interview was to seek Schiff's comments about gold and inflation, when in fact the purpose was to provide McKenzie a pretext to interrogate Schiff about Euro Pacific;
  - 12.2. The misleading and deceptive editing of the interviews with Schiff and other participants in the Broadcast, so as to exclude exculpatory material and deliberately and falsely impute wrongdoing to Schiff;
  - 12.3. The knowingly false suggestion in the Broadcast and Article that Schiff established Euro Pacific in Puerto Rico because it is a "*Caribbean tax haven*", when the truth is that Puerto Rico is a United States territory which is subject to regulation by the Federal Reserve and the Internal Revenue Service in the same way as every other state and territory of the United States;
  - 12.4. The knowingly false suggestion in the Broadcast and Article that Schiff was the central target of an investigation by the Australian Taxation Office and the Internal Revenue Service;
  - 12.5. The knowingly false representation in the Broadcast that John Ogilvie had asserted in an email to Schiff dated 22 August 2016 that managers of Euro Pacific were dishonest or unscrupulous;
  - 12.6. The knowingly false representation in the Broadcast that McKenzie had attempted to open an account with Euro Pacific, when the truth is that McKenzie had not made any application to open an account with the bank;
  - 12.7. The deliberate broadcasting, in the Broadcast, of an audio recording of private commercial dealings conducted by Schiff in his home office, when Schiff explicitly forbade such audio recording;
  - 12.8. The hurt and humiliation suffered by Schiff's wife by reason of the fact that video and audio footage of her was deliberately broadcast as part of the Broadcast without her consent;
  - 12.9. Further particulars of aggravated damages will be provided as and when they arise.



Date: 15 October 2021



.....  
Signed by Patrick George  
Solicitor for the applicant

This pleading was prepared by Nicholas Olson barrister and settled by Sue Chrysanthou SC.

**Certificate of Lawyer**

I, Patrick George, certify to the Court that, in relation to the Statement of Claim filed on behalf of the applicant, the factual and legal material available to me at present provides a proper basis for each allegation in the pleading.

Date: 15 October 2021



.....  
Signed by Patrick George  
Solicitor for the applicant

# Schedule A

60 Minute Segment on  
Operation Atlantis.

## 60 MINUTE SEGMENT ON OPERATION ATLANTIS

AIRED: 18/10/2020

### EPISODE 37

#### NICK MCKENZIE: REPORTER

- 1 NICK MCKENZIE: Good evening and welcome to the program. I'm Nick McKenzie. While it's a favourite grumble that we pay too much tax, most of us obediently hand over our fair share. But not everyone. Each year hundreds of millions of tax dollars deliberately goes missing. There might be a fine line between minimisation and evasion, but make no mistake, this is theft, and the tax office is sick of it. It wants its money, and as you're about to see, it's willing to go to the end of the earth to get it. 'Operation Atlantis' is a joint, five-nation investigation targeting the hiding places wealthy Australians use to stash vast sums of money.
- 2 NICK MCKENZIE: [*Rock music*] When it comes to contempt for paying income tax...
- 3 PETER SCHIFF: So if we just settle it now for \$5000...
- 4 NICK MCKENZIE: ... there's no greater hater than Peter Schiff.
- 5 PETER SCHIFF: I mean, income tax is miserable.
- 6 NICK MCKENZIE: This business big shot has become a celebrity...
- 7 Other news: Peter Schiff. (repeated couple of times). Chief Economist and Global Strategist at Euro Pacific
- 8 NICK MCKENZIE: ... thanks to his controversial views on taxation and the economy.
- 9 PETER SCHIFF: The economy is a mess Yeah, alright.
- 10 NICK MCKENZIE: He loves bragging to the world about how much he knows about making money...
- 11 PETER SCHIFF: I'm like, wait a minute, you mean all I have to do is move to Puerto Rico and I don't have to pay any federal incomes taxes?
- 12 NICK MCKENZIE: ... but when he sat down for an interview, the last thing he wanted to talk about was the offshore bank he co-owns in the Caribbean - a bank with hundreds of Australian Clients.

60 Minute Segment on  
Operation Atlantis.

- 13 PETER SCHIFF: Are you making an allegation against my bank?
- 14 NICK MCKENZIE: It's not me that's making the allegation, the authorities have. You know that well.
- 15 PETER SCHIFF: Then stop it. If you want to make an allegation against my bank, then you stand by it, and then we'll see if there's any legal repercussions.
- 16 NICK MCKENZIE: [*ominous music*] Tonight, 60 Minutes, 'The Age' Newspaper, the 'Sydney Morning Herald' and 'The New York Times' ...
- 17 ALEJANDRA ROSA: This is the headquarters of Euro Pacific Bank in San Jan, Puerto Rico.
- 18 NICK MCKENZIE: ... reveal how Schiff's bank, and around 100 of its Australian customers, are at the centre of an enormous worldwide tax evasion investigation.
- 19 WILL DAY: There was certainly a feeling of excitement as we got to that really unprecedented level.
- 20 NICK MCKENZIE: This story will cause alarm in the global banking industry, and panic among clients. That's because a secret alliance of tax cops from five countries, including Australia, have been examining allegations of money laundering and tax evasion linked to serious organised crime.
- 21 NICK MCKENZIE: "Was there a feeling of nerves, as well?"
- 22 WILL DAY: "There's always a feeling of nerves."
- 23 NICK MCKENZIE: As you'll see the money trail shows us the secret tactics used by super-wealthy Australians to dodge tax...
- 24 WILL DAY: "It's been fantastic. It's the best thing I ever, ever did."
- 25 NICK MCKENZIE: ... and leads to the man at the centre of it all - the face of the bank, Peter Schiff.
- 26 PETER SCHIFF: "To say that, Oh, I'm facilitating tax evasion, why? I haven't bended one nickel."
- 27 NICK MCKENZIE: "So why do you think these tax authorities are targeting you? Is it because of your celebrity status?"
- 28 PETER SCHIFF: "Ask them, don't ask me."
- 29 NICK MCKENZIE: "Peter, respectfully, your bank's at the centre of the biggest tax evasion investigation in the world. Now, these are fair questions."

60 Minute Segment on  
Operation Atlantis.

- 30 PETER SCHIFF: "I'm not answering any more questions about the bank. That's it. I'm done."
- 31 NICK MCKENZIE: I'll rephrase the question."
- 32 PETER SCHIFF: "There's no more questions. No more questions."
- 33 JOHN CHEVIS: "One of the best methods of avoiding either detection or having your money taken off you by the authorities is to move that money to another jurisdiction."
- 34 NICK MCKENZIE: For most of his career as a Federal Police Detective, John Chevis has chased dirty money around the world. One of his great frustrations has been the ease at which Australian crooks and tax evaders have been able to set up offshore bank accounts to avoid the tax man.
- 35 JOHN CHEVIS: "Every time you cross another border, it takes the police who are coming along behind you, perhaps, several more months to try and track that money."
- 36 NICK MCKENZIE: After leaving the AFP, Chevis began advising governments around the world on anti-money laundering. Two years ago, while conducting one of his investigations, he came across something strange - a bank in Puerto Rico being used by hundreds of Australians. Its name - Euro Pacific.
- 37 NICK MCKENZIE: "What do you think is the real reason why so many Australians are banking offshore in places like the Euro Pacific bank in Puerto Rico?"
- 38 JOHN CHEVIS: "You would have to question why someone would place their money in a jurisdiction that's so far away, in a bank that doesn't pay any interest, in a bank that charges, uh, enormous fees for moving your money. And in a bank that appears not to do the sorts of due diligence that, uh, many other reputable banks around the world do."
- 39 NICK MCKENZIE: The last thing that John Chevis would ever do is make anything easier for criminals. But he does want ordinary Australian taxpayers, to see how they're being ripped off by wealthy crooks who avoid paying their share of tax by setting up accounts with offshore banks like Euro Pacific.
- 40 JOHN CHEVIS: [*ominous music markedly intensifies*]"So you've got yourself \$1 million dollars that you want to hide from the tax man. The first thing you do is find yourself a referral agent. That person will be a lawyer or an accountant who will help you set up a trust in a company in an offshore jurisdiction that has access to a bank account, preferably in another offshore jurisdiction, like the Seychelles. Those people are strangers to you, but they will put their name on the paperwork for you as owning the company and controlling it. Now, your Seychelles company gets itself a bank account with a bank like Euro Pacific Bank. Now that you have your bank account, you deposit your \$1 million dollars into it, and you use it as you

60 Minute Segment on  
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would use any other bank account. If the tax man every comes asking, all they get from Euro Pacific Bank is the name of a company in the Seychelles.”

41 NICK MCKENZIE: It’s as simple as it is irresistible for tax avoiders like Simon Anquetil. International enforcement sources have told 60 Minutes he was one of the Australians using Euro Pacific. From 2014 to 2017, Anquetil engineered the biggest tax scam in recent Australian history, ripping more than \$100 million dollars.

42 NICK MCKENZIE: “Why would the engineer of Australia’s largest tax fraud want to bank with Euro Pacific Bank?”

43 JOHN CHEVIS: “He may want to bank there because he wants to store, uh, perhaps ill-gotten gains in a location that is offshore, so, away from Australia. Uh, thereby making it more difficult for Australian authorities to trace him. He may wish to store it there because he perhaps knows that Puerto Rico won’t share, um, or the taxation information with Australian authorities. Uh, he may have other reasons, that of which we are not aware.”

44 NICK MCKENZIE: According to official sources, this man, Darby Angel, also started any account with Euro Pacific Bank. Angel claims to be a Hollywood film financier running a multi-million-dollar investment fund out of Dubai, but he’s also a convicted drug trafficker. We called Angel, but he refused to comment publicly, other than to say he’d never heard of Euro Pacific.

45 NICK MCKENZIE: “Why would a drug trafficker want to put their money in a Puerto Rican bank?”

46 JOHN CHEVIS: “If you can place your money in an account that isn’t linked to your name, then the chances of having that, that money seized and taken from you, uh, is.. is that much less.”

47 NICK MCKENZIE: “The fact that multiple crooks, people with recorded criminal convictions and serious offending have bank accounts at Euro Pacific Bank, what does that say about the bank’s compliance culture?”

48 JOHN CHEVIS: It suggests that perhaps they were waving customers through without actually really considering the risk that those customers were going to be placing proceeds of crime in the accounts that they were opening.”

49 PETER SCHIFF: Americans that live in Puerto Rico don’t have to pay federal income tax on the money they earn from Puerto Rico.

50 NICK MCKENZIE: As well as plenty of curious Australian references, one name kept coming up in Chevis’ investigation - Peter Schiff, the bank’s founder and co-owner.

51 JOHN CHEVIS: “I think Peter Schiff’s a character who likes to fly outside the rules a little.”

60 Minute Segment on  
Operation Atlantis.

- 52 PETER SCHIFF: Why would the people want an income tax given the misery that we all suffer having to pay that tax?
- 53 JOHN CHEVIS: [*cinematic music*] “It was fairly apparent, uh, that Peter Schiff was operating in a manner that was intended to attract customers who were looking to either evade tax, or perhaps launder money.”
- 54 NICK MCKENZIE: Chevis says this should have been a red flag for any financial institution working with Euro Pacific Bank. And so he was shocked to discover Australian bank, Westpac, was doing business with Euro Pacific until 2018. The Perth Mint, backed by the WA Government, was also a favoured partner, offering the opportunity for customers to secure their funds in gold.
- 55 JOHN CHEVIS: “I was very surprised to see that Perth Mint has signed up with Euro Pacific Bank. I think there’s a significant risk that some of the gold held within the Perth Mint by customers of the Euro Pacific Bank may be held beneficially for criminals in other parts of the world.
- 56 NICK MCKENZIE: The Perth Mint and Westpac’s links to Euro Pacific get even uglier. Sources have confirmed that in early 2019, the Australian authorities were so concerned about Euro Pacific, they designated it as an Australian Priority Organisation Target. This means Australian police suspect the Euro Pacific Bank poses a grave, organised-crime threat to the nation that must be confronted at any cost.
- 57 JOHN CHEVIS: “The fact that this particular bank has been marked as a priority target for Australian authorities, who are aiming to reduce the laundering of proceeds of crime and tax evasion, is really significant. It’s, uh, a much simpler task to frisk someone and find a bag of cocaine than it is to unpick the method, uh, through which the proceeds of those sales has been laundered.”
- 58 NICK MCKENZIE: [*Footage of coastal town; Caribbean-type music*] San Juan Puerto Rico, with its deep blue beaches, is a tourist mecca. But recently, it’s also become a magnet for bankers and the super-rich.
- 59 PETER SCHIFF: “There were significant tax advantages of my bank being in Puerto Rico.”
- 60 PETER SCHIFF: You effectively double your income by moving there, practically, because you are not splitting your income with the government.
- 61 NICK MCKENZIE: Peter Schiff located the bank he co-owns, Euro Pacific, in Puerto Rico, partly because he knew it offered the kind of secrecy his clients wanted. But for the bank to succeed it needed international partners. In Australia, it teamed up with Westpac and ‘The Perth Mint’.

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62 PETER SCHIFF: “I started with the Perth Mint program I think back in like, 2002. It was backed up by a government in Australia. Our bank customers can also use the Perth Mint as a secure depository for their bullion.”

63 NICK MCKENZIE: It’s a relationship Schiff’s proud of. Just don’t ask him why any Australian would need to us his bank in the first place.

64 NICK MCKENZIE: “The whole point of someone in Australia setting up an account in Puerto Rico is to avoid or minimize their tax is it not?”

65 PETER SCHIFF: “No”

66 NICK MCKENZIE: “What’s the Reason?”

67 PETER SCHIFF: “So you’re saying to me that the only reason that anybody would use an offshore bank is to evade taxes?”

68 NICK MCKENZIE: “Well I am asking, you’re the expert. Isn’t that a reason why many people use these banks?”

69 PETER SCHIFF: “No”

70 NICK MCKENZIE: “To avoid using taxes?”

71 PETER SCHIFF: “You don’t have to have an offshore bank to not pay your taxes.”

72 NICK MCKENZIE: [*ominous music*] But it helps, and it’s easy to arrange. Australians wanting to minimise their tax use local lawyers and accountants, who can quite lawfully recommend an offshore bank and help set up an account. Given the founder of Euro Pacific wasn’t forthcoming, we decided to go undercover to find out how the bank is really sold to customers.

73 PATRICK FLYNN: “I thought you were calling on Signal, hang on.”

74 NICK MCKENZIE: After a little digging we came across Brisbane-based lawyer, Patrick Flynn. On the weekends you can find him belting out rock tunes in a pub, but during the week he spruiks the Euro Pacific Bank in Australia.

75 PATRICK FLYNN: “We’ve been working with them for about eight years. What’s happened is, there’s been a rush, a rush of international banks setting up in Puerto Rico in the last two years because it’s part of America, technically. But it’s a tax haven in so far as you can have a bank account in Puerto Rico and if the bank pays you interest on that bank account, there’s no reporting obligations, there’s no tax obligations in America. There’s no risk. There’s absolutely zero risk of bank account information sharing.”

76 NICK MCKENZIE: Flynn’s so upbeat about the bank...

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- 77 PATRICK FLYNN: “The typical customer that goes to them is a higher risk customer.
- 78 NICK MCKENZIE: ... he boasts to potential clients he has his own account with Euro Pacific.
- 79 PATRICK FLYNN: “I set up a private foundation couple of years ago to trade forex. And I opened bank accounts for both of those entities at Euro Pacific Bank. So I’ve personally got accounts there. It’s a totally private bank account. That’s the big advantage.”
- 80 NICK MCKENZIE: To find out what really happens inside the bank, we also tracked down former employee, John Ogilvie. In 2014, he was hired as Euro Pacific’s IT manager.
- 81 JOHN OGILVIE: “What I thought is we would develop into a proper company, uh, with, you know professionals, and, you know, that never actually happened.”
- 82 NICK MCKENZIE: “Why would people like Australians turning to Euro Pacific Bank to put their money in?”
- 83 JOHN OGILVIE: “Well, it’s marketed to keep your money away from the tax authorities. Someone who would behave so unscrupulous, I don’t think would have any qualms about dealing with criminals or money launderers in general, or tax dodgers. Um, yeah, they have no scruples.”
- 84 NICK MCKENZIE: Ogilvie says he worked closely with the bank’s president and co-owner Mark Anderson. Very little is known about Anderson except he’s a former bankrupt - a fact that probably explains why the bank’s other owner Peter Schiff is the public face of Euro Pacific.
- 85 JOHN OGILVIE: “I didn’t know anything about his background other than he was, uh, Peter Schiff’s business partner who used to do, uh, trading with Peter Schiff, and I think they worked in Los Angeles together. That’s how they knew each other.”
- 86 NICK MCKENZIE: Ogilvie was sacked after a disagreement with management.
- 87 NICK MCKENZIE: [*intensified music*] We couldn’t travel to Puerto Rico... so partnering with local ‘New York Times’ reporter, Alejandra Rosa we visited the headquarters of the bank to try to ask Mark Anderson some questions.
- 88 LADY AT DOOR: “So, if you could just wait here.” “Or in the lobby”
- 89 ALEJANDRA ROSA: “Ok”
- 90 NICK MCKENZIE: Mark Anderson didn’t show his face and security asked us to leave the building.



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Operation Atlantis.

- 91 NICK MCKENZIE: “Are you surprised that the bank’s now at the centre of an international tax evasion probe?”
- 92 JOHN OGILVIE: “I’m not surprised, no. These are unscrupulous people. These guys could shut down the bank tomorrow, transfer it to wherever they want and you’ll never see them again.”
- 93 PETER SCHIFF: “And if I earn money in Puerto Rico...
- 94 NICK MCKENZIE: Unlike Mark Anderson, Peter Schiff is easy to track down.
- 95 PETER SCHIFF “... I get to keep a lot more of what I earn...”
- 96 NICK MCKENZIE: Barely a week passes where he isn’t talking about tax, investing and sometimes even about his bank.
- 97 PETER SCHIFF: “Here in the United States the government takes most of what I earn.”
- 98 NICK MCKENZIE: But as we found out...
- 99 NICK MCKENZIE: “Isn’t that a reason why people use these banks?”
- 100 PETER SCHIFF: “No”
- 101 NICK MCKENZIE: “To avoid paying taxes?”
- 102 PETER SCHIFF: “No, look...”
- 103 NICK MCKENZIE: He only likes answering positive questions about the bank.
- 104 PETER SCHIFF: “Why don’t you ask me some other questions about the economy, about, you know anything that I normally talk about. But if the only thing that you want to do is talk about Euro Pacific Bank, then I just really don’t have anything else to talk about and I think we should just end the interview.”
- 105 NICK MCKENZIE: “What we have been told is Australians are hiding their profits there making in Australia by setting up offshore structures, and then using your bank to hide their profits. Sometimes their dirty profits.”
- 106 PETER SCHIFF: “Well look, I seriously doubt that, so, if they certainly find that somebody, you know, evaded taxes and put the money in my bank, It’s not because we helped them. I mean, how many people in Australia do you think are not compliant with their taxes? I mean what’s the number?”
- 107 NICK MCKENZIE: “Probably quite a few, but I imagine many of those...”

60 Minute Segment on  
Operation Atlantis.

- 108 PETER SCHIFF: “And I would bet if any of them are using my bank, it is a tiny fraction. It’s not my bank’s mission to administer the tax laws of Australia.”
- 109 NICK MCKENZIE: [*ominous music*] In a secure location in Canberra, one of the most powerful law enforcement investigators in Australia has been working on a secret probe.
- 110 WILL DAY: “We truly are amongst the best tax crime fighters in the world. For Australia, that is a relatively small country, we certainly punching above our weight.
- 111 NICK MCKENZIE: Will Day is deputy commissioner of the tax office. He says it’s far too easy for Australians with the help of lawyers and accountants to dodge tax or hide the proceeds of crime by moving their money offshore.
- 112 WILL DAY: “You see it for sale in packages, it’s a little bit like a holiday package in different regions. And so what you would get in this package is a company in one country, maybe a bank account in another country, maybe a trust in a third country. And you see that, that fund transit through other countries before arriving at its, its ultimate, you know, destination.”
- 113 NICK MCKENZIE: [*upbeat techno music*] In 2017, the tax office had some good fortune when it was the recipient of a massive data leak. It revealed the secret transactions of thousands of customers of an offshore bank in Puerto Rico.
- 114 NICK MCKENZIE: “How many Australians were using that Caribbean entity which you targeted?”
- 115 WILL DAY: “We were concerned that there were, there were hundreds of Australian taxpayers, potentially involved in these arrangements.”
- 116 WILL DAY: “Good morning, Don. Thanks for joining us so early.”
- 117 NICK MCKENZIE: Will Day called on his secret weapon - an international taskforce of tax crime fighters in the United States, Canada, the Netherlands and the UK, known as the J5.
- 118 J5: “It sends a strong message around the world that we are really serious in attacking, you know, the international tax evaders.”
- 119 NICK MCKENZIE: The J5 began sharing intelligence and quietly zeroed in on a bank in San Juan with dubious international customers, including hundreds of Australians. The investigations code name - Operation Atlantis.
- 120 WILL DAY: “There’s a build up over a number of months and multiple meetings. We had a real sense of this being a watershed moment. That It could really be a game changer.

60 Minute Segment on  
Operation Atlantis.

- 121 NICK MCKENZIE: On January 24 this year, Operation Atlantis sprang into action. Investigators from around the world, including America's IRS, began knocking on the doors of investors and customers of a bank they vaguely described as an offshore institution. Our Tax Office won't name the bank, but we will - it was Euro Pacific. Co-owned by US business celebrity Peter Schiff.
- 122 NICK MCKENZIE: "What happened on January 24 of this year?"
- 123 PETER SCHIFF: "I don't know what you're referring to."
- 124 NICK MCKENZIE: "Didn't the IRS pay you a visit?"
- 125 PETER SCHIFF: "I don't want to discuss all of these questions about the bank or what may or may not have happened. I'm just going to give you a final answer on the bank and I'm going to say that there is no problem at my bank. There is no proof that, ah, the bank is being used to facilitate any illegal activity."
- 126 NICK MCKENZIE: Peter Schiff claims he isn't allowed to talk about the J5 action on the bank in January, but if he didn't already know it, it must have alerted him to the fact that questionable figures, like Simon Anquetil, were using his bank.
- 127 NICK MCKENZIE: "How can such a notorious crime figure be allowed to get through the front door of your bank?"
- 128 PETER SCHIFF: "You're asking me questions that I cannot answer, cos' I do not work at the bank. I am not compliance officer. I have nothing to do with the daily operations of the bank."
- 129 NICK MCKENZIE: "But the bank trades in your name. The bank uses you..."
- 130 PETER SCHIFF: "This is not a topic that I really want to discuss."
- 131 NICK MCKENZIE: "I appreciate that. But the bank uses you as its key piece of marketing, though, so therefore you have a responsibility, don't you? When, if the bank goes sour, it's on you."
- 132 PETER SCHIFF: "But I've have already told you that there is, that the allegations that you are referring to are false."
- 133 NICK MCKENZIE: "I am putting to you that your bank has accounts for organised crime figures."
- 134 PETER SCHIFF: "I'm telling you that we don't. Are you speculating, or do you know?"
- 135 NICK MCKENZIE: "Shouldn't the question be for you?"
- 136 PETER SCHIFF: "No, no, you answer my question."

60 Minute Segment on  
Operation Atlantis.

- 137 NICK MCKENZIE: “No, I’m the journalist here. I’m asking the questions here, sir.”
- 138 PETER SCHIFF: “No, no. But I choose what I answer.”
- 139 NICK MCKENZIE: “Well, Pete, why is it that the tax authorities in Australia, the United Kingdom, Canada, America and the Netherlands all believe that your bank is facilitating tax evasion and serious organised crime?”
- 140 PETER SCHIFF: “Well, I don’t know. Have you asked them? Because we’re not.”
- 141 NICK MCKENZIE: “I’m asking you. You run the bank. It’s your bank.”
- 142 PETER SCHIFF: “No, no. You ask them. We’re not facilitating tax evasion or organised crime or anything like it.”
- 143 NICK MCKENZIE: [*paranoid music*] We did ask Australia’s deputy tax chief why the bank was pursued.
- 144 NICK MCKENZIE: “Can you confirm that that target was suspected to be facilitating international money laundering?”
- 145 WILL DAY: “Yes. We were certainly looking at that target for that reason.”
- 146 NICK MCKENZIE: “Is it safe to say it, the criminality, the alleged money laundering, the alleged tax evasion had to be, in your mind, of such a level to warrant that extraordinary action?”
- 147 WILL DAY: “It’s a very significant investment by all the countries involved.”
- 148 NICK MCKENZIE: “So have you then handed over the details sought by Australian, US, etcetera, authorities about your customer base to the tax authorities who targeted you and your bank this year?”
- 149 PETER SCHIFF: “I am not involved with the day-to-day operations, of the bank, I don’t, I’m just going to get out of this chair, if you’re going to keep asking me these kinds of questions. And, in fact you think we’re doing something wrong, why don’t you try to open up an account at our bank? Go there under an assumed name and give us some BS and see if you can actually open up an account. I dare you”
- 150 NICK MCKENZIE: “Well Pete, we’ve tried to do that.”
- 151 PETER SCHIFF: “Have you tried to open up an account with our bank?”
- 152 NICK MCKENZIE: “Yes, we have. So we’ve gone to one of your referrers...”
- 153 PATRICK FLYNN: “It’s called Euro Pacific Bank, correct.”

60 Minute Segment on  
Operation Atlantis.

- 154 NICK MCKENZIE: “This bank referrer promoted your bank because of the low taxes and secrecy.”
- 155 PETER SCHIFF: “Well, first of all, we don’t, none of the people who refer our business to our bank work for us, right?”
- 156 NICK MCKENZIE: [*dark string music*] Peter Schiff is right that the Australian accountants and lawyers promoting Euro Pacific don’t work for the bank. But they are key to its operations. This highlights a major flaw in Australia’s anti-money laundering regime. Former AFP officer John Chevis says the government must pass new laws for force lawyers and accountants to report dodgy offshore transactions to authorities.
- 157 JOHN CHEVIS: “I think it’s a bit of a tragedy, everyone in the world who was involved in anti-money laundering, knows that lawyers, real-estate agents and accountants, are well-used by people who have illicit wealth to launder.”
- 158 NICK MCKENZIE: Our nation’s deputy tax chief won’t name the bank while his investigation is ongoing, but he did confirm the possibility that some involved with the bank may face criminal charges.
- 159 WILL DAY: “Now there is further enquiries that we need to undertake, but I would expect to see further tax and penalties raised as well as criminal investigations.”
- 160 NICK MCKENZIE: At his home, an hour north of New York City, Peter Schiff is adamant authorities won’t find anything to implicate the bank.
- 161 PETER SCHIFF: “Nobody has told us that we have done anything wrong. Nobody.”
- 162 NICK MCKENZIE: “Well, you do know the IRS has visited you this year, surely that was an indicator.”
- 163 PETER SCHIFF: “Look, people can be investigated for all sorts of reason. Doesn’t mean that you did anything wrong.”
- 164 NICK MCKENZIE: “What did they say to you when they came, when the IRS came to your business, to you this year? What did they tell you?”
- 165 PETER SCHIFF: “Look, as I said they didn’t say that we did anything wrong.”
- 166 NICK MCKENZIE: “What did they say?”
- 167 PETER SCHIFF: “Look, I am not allowed to discuss it per the government.”
- 168 NICK MCKENZIE: Peter Schiff is rarely lost for answers...
- 169 PETER SCHIFF: “I’m not answering any more questions about the bank. That’s it. I’m done.”

60 Minute Segment on  
Operation Atlantis.

- 170 NICK MCKENZIE: "I'll rephrase the question."
- 171 PETER SCHIFF: "There's no more questions. No more questions."
- 172 PETER SCHIFFS WIFE: "Don't let them use it."
- 173 NICK MCKENZIE: But when it comes to the bank...
- 174 PETER SCHIFFS WIFE: "This is ridiculous. I don't even know what they are trying to do."
- 175 NICK MCKENZIE: .... He leaves the final word to his wife.
- 176 PETER SCHIFFS WIFE: "Hi, what was the point of you asking? What were you trying to get from this interview?"
- 177 NICK MCKENZIE: "Your husband's bank is at the centre of a major investigation, which we're investigating. So they're fair questions to ask. Peter is a public person, he's a media person. He is running an international bank that is the subject of a large investigation."
- 178 PETER SCHIFF: muffle in the background "Go away."
- 179 PETER SCHIFFS WIFE: "Yeah"
- 180 PETER SCHIFF: "Just go away from it."
- 181 NICK MCKENZIE: "Why should Australians care that that proportion of people are involved in that sort of activity? Why does it matter to anybody?"
- 182 WILL DAY: "Well, I guess, we never lose sight of the fact that tax crime is not victimless. Tax revenue is incredibly important to support aged care, healthcare, to provide welfare, education and disability support. I guess that's important at any time, but even more so during a pandemic."
- 183 PETER SCHIFFS WIFE: muffled in background "Peter..."
- 184 NICK MCKENZIE: It may be many months before we find out exactly how many other Australians are stashing their dirty money in Euro Pacific Bank, but Will Day says the investigation is a potent reminder to anyone thinking about dodging tax.
- 185 WILL DAY: "With the power of the J5 behind our investigation, we do have the ability to lift a lot of rocks, to shine a light in a lot of dark places."
- 186 NICK MCKENZIE: "You're coming for them?"
- 187 WILL DAY: "We are coming for them."

60 Minute Segment on  
Operation Atlantis.

188 NICK MCKENZIE: The Perth Mint and Westpac refused our request to explain why they dealt with the Euro Pacific Bank. Following our interview with Peter Schiff, Euro Pacific itself announced the Perth Mint will end its association with the bank in the next two weeks. Westpac ceased its partnership with Euro Pacific in 2018. But won't say why.

189 END OF STORY

Operation Atlantis

## The day the international tax authorities came knocking

On a sunny Friday in late January, investigators from the Australian Tax Office ruined some people's days. In Amsterdam it was icy when, on the same day, investigators were doing the same thing.

By Charlotte Grieve, Nick McKenzie and Joel Tozer

OCTOBER 18, 2020



Peter Schiff THE AGE



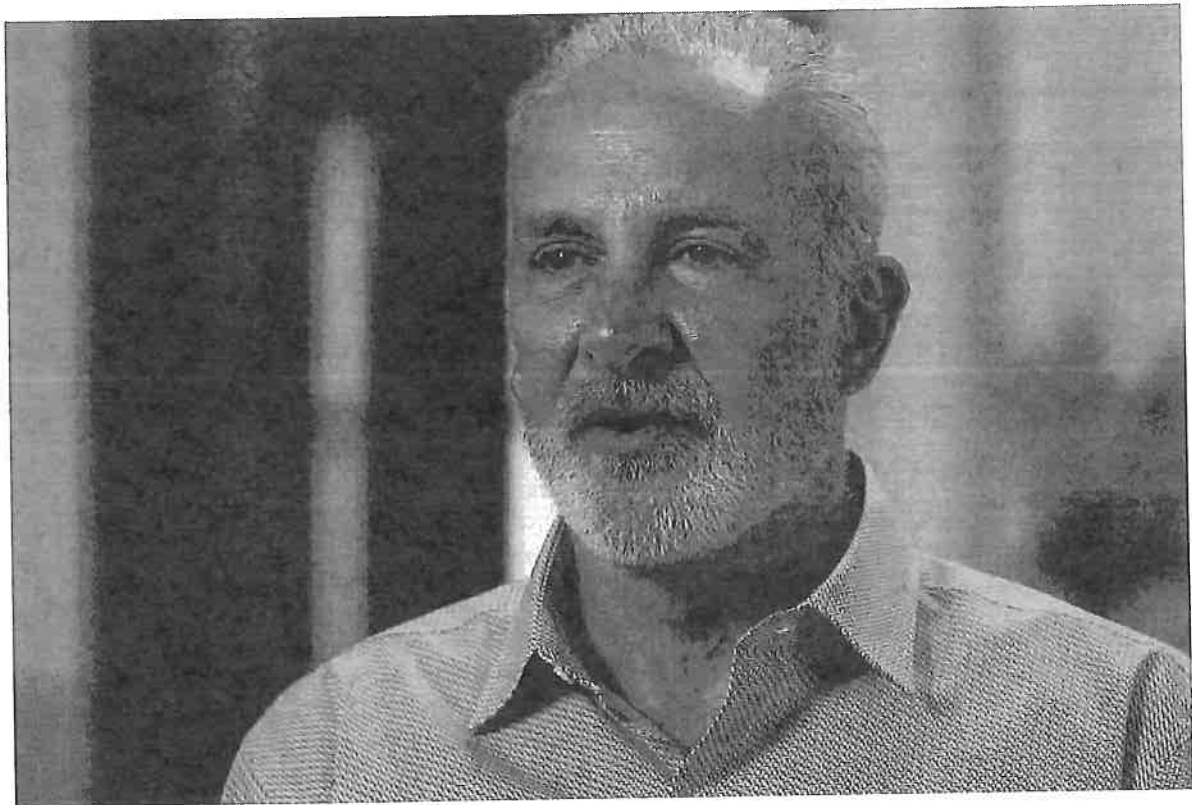
**O**n a sunny Friday in late January, investigators from the Australian Tax Office issued subpoenas and fired off letters as part of an unprecedented probe that reached around the world.



It was a similar scene in Amsterdam, where investigators from the Dutch tax agency set about a similar task. So, too, did investigators in the United States, Canada and the United Kingdom.

While none of the millionaire tax dodgers targeted on January 24, including about 100 Australians, knew each other, they shared a bond: they were customers of a little-known Caribbean bank.

The Euro Pacific Bank in Puerto Rico's capital San Juan was founded by American celebrity investor and business commentator Peter Schiff. The silver-haired and pugnacious businessman is worth an estimated \$100 million. On major television networks, popular podcasts and his own YouTube channel, he reminds his audience he predicted the Global Financial Crisis. He also likes to warn people about the upcoming economic apocalypse from which they can take financial refuge in his "privacy assured" bank.



Banker Peter Schiff. CHANNEL NINE

Schiff's celebrity status is likely why some major Australian financial institutions, including Westpac and the Perth Mint, hopped into bed with the Euro Pacific Bank. They weren't alone. The New York Federal Reserve and Canada's Bank of Montreal both allowed their customers to transfer funds into the bank, cloaking it in an air of credibility it used to attract thousands of clients, including at least 400 from Australia (about 100 are considered "high risk").

But on January 24, Euro Pacific became the target of Operation Atlantis, the world's largest tax evasion probe. Australia's deputy tax commissioner, Will Day, describes the inquiry as "unprecedented".

An investigation by *The Age*, *The Sydney Morning Herald* and *60 Minutes* in collaboration with *The New York Times* can reveal that Operation Atlantis is examining the financial transactions of Euro Pacific's customers. Hundreds of account holders are now suspects in a tax evasion probe.

Among the super wealthy Australians suspected to have sought to keep their financial affairs secret is the Sydney businessman responsible for one of Australia's biggest tax rorts, Simon Anquetil. Other Australian account holders include Darby Angel, a Hollywood film financier with a drug-trafficking conviction.



Simon Anquetil in happier days.

If Euro Pacific is the suspected heart of a shady financial system, its partners such as Westpac and the Perth Mint are the veins. Despite the raids, Euro Pacific is still, for now, pumping suspected tax-lite dollars around the world. And in an interview, Schiff says he intends to keep it that way.

### **Like father, like son**

A dislike of paying tax is a Schiff family trait. Peter Schiff's father, Irwin, is viewed as a martyr of the tax resistance movement. He ran a business called Freedom Books from a Las Vegas shop front, selling information packages that taught thousands of Americans how to cheat the system. He died in jail for tax evasion.

Schiff has inherited his father's love of profile. He spends hours each week recording his internet show, talking about everything from inflation and gold to the "fake news" of white privilege. But while Irwin opened a bookshop, his son opened an offshore bank in sunny Puerto Rico – a US territory in the Caribbean which offers low to zero tax rates for eligible businesses and residents.

It was January 2017, almost three years to the day before the ATO began knocking on doors, when Schiff and partner Mark Anderson filed into the Department de Estado – a pale-blue Spanish colonial-style building with two Puerto Rican flags adorning the front entrance – to sign documents registering their new venture.

The bank's new office is on the 10th floor of a blue-glass block that overlooks the North Atlantic Ocean. It's in the expensive part of San Juan. But former employees speaking on the condition anonymity say the office was a bit like the bank itself. "An empty shell that has the appearance of luxury," according to one Puerto Rican who worked there. "It was basically empty except for a few desks, chairs and the computers."



Colourful houses line the hillside overlooking the beach in San Juan, Puerto Rico. SHUTTERSTOCK

When it opened in San Juan, Euro Pacific was one of 81 offshore banks on the island and it would become by far the biggest. Government records from the time of registration show the bank had 13,000 customer accounts and more than \$232 million in deposits. Schiff himself lives there with all the trappings of colonial luxury.

Offshore accounts can have legitimate purposes. For example, they can hold money for multi-national businesses. But former Australian Federal Police officer and financial crime expert John Chevis has also seen them used to stash untaxed and undeclared income, aided by bankers who, even if they may not have direct knowledge of what their customers are up to, are willing to exploit legal loopholes.

"You would have to question why someone would place their money in a jurisdiction that's so far away, in a bank that doesn't pay any interest, in a bank that charges enormous fees for moving your money," Chevis said.

Euro Pacific's former IT director, John Ogilvie, also had questions after working at the bank in 2014-16. Ogilvie says he was confronted with a shambolic business, lax data security and high-risk clients. He suspected some Australians were opening up accounts to avoid the ATO.

The bank's security was also a problem. Anderson's computer was hacked three times over a two-year period, Ogilvie says, and at one point, Russians tried to extort the bank for a ransom of 1000 bitcoins, worth millions of dollars. Ogilvie says customers from Australia and elsewhere seeking to keep their bank accounts secret were instead at risk of having their financial affairs floating around the dark web.



Former AFP organised crime investigator John Chevis.

Recruiting customers was a relentless job done by “onboarders”. Five of them, speaking on the condition of anonymity, claim they went through an inconsistent vetting process that ranged from a quick Google and social media check “to make sure they were a real person” to, in some cases, a more thorough series of checks.

“There’s a huge disconnect between what you’re taught and what you do,” says one ex-employee.

Euro Pacific’s anti-money laundering efforts were also viewed sceptically by some of the large companies it was courting. Mastercard rejected the bank’s application for a licence around 2017 after it failed to meet anti-money laundering standards, leaving many customers without debit cards. By 2018, negative feedback about the bank was circulating online, and applications for new accounts started to dry up. At the San Juan office, the kitchen stopped being filled with coffee and snacks.

By then, Ogilvie had been sacked over a disagreement with senior management. After two years at Euro Pacific, his last act was to send an email to Peter Schiff.

“The chickens will come home to roost,” Ogilvie wrote. “You will have to deal with the problems within Euro Pacific Bank Ltd. at some point.”

## The Australian connection

What most of us know about the world of international tax avoidance comes from the exposure of Panamanian law firm Mossack Fonseca which arranged for the ultra-wealthy to hide their financial affairs in tax havens.

But the "Panama Papers" scandal had another profound effect. It exposed tax authorities as flat-footed and reactive. In the months after the leak in 2016, senior investigators from Australia's Tax Office and criminal intelligence commission proposed their own network of global investigators. With minimal fanfare, a taskforce called the "Joint Five" was created in 2018, comprising the five chiefs of tax agencies in Australia, the US, UK, Canada and the Netherlands.



Australian Tax Office investigator Will Day. ALEX ELLINGHAUSEN

Mimicking the Five Eyes spy alliance, the Australian "J5" chief Will Day says he and the fellow tax sleuths began searching for snippets of financial intelligence that could open up a "chink in the armour" of secretive offshore banks.

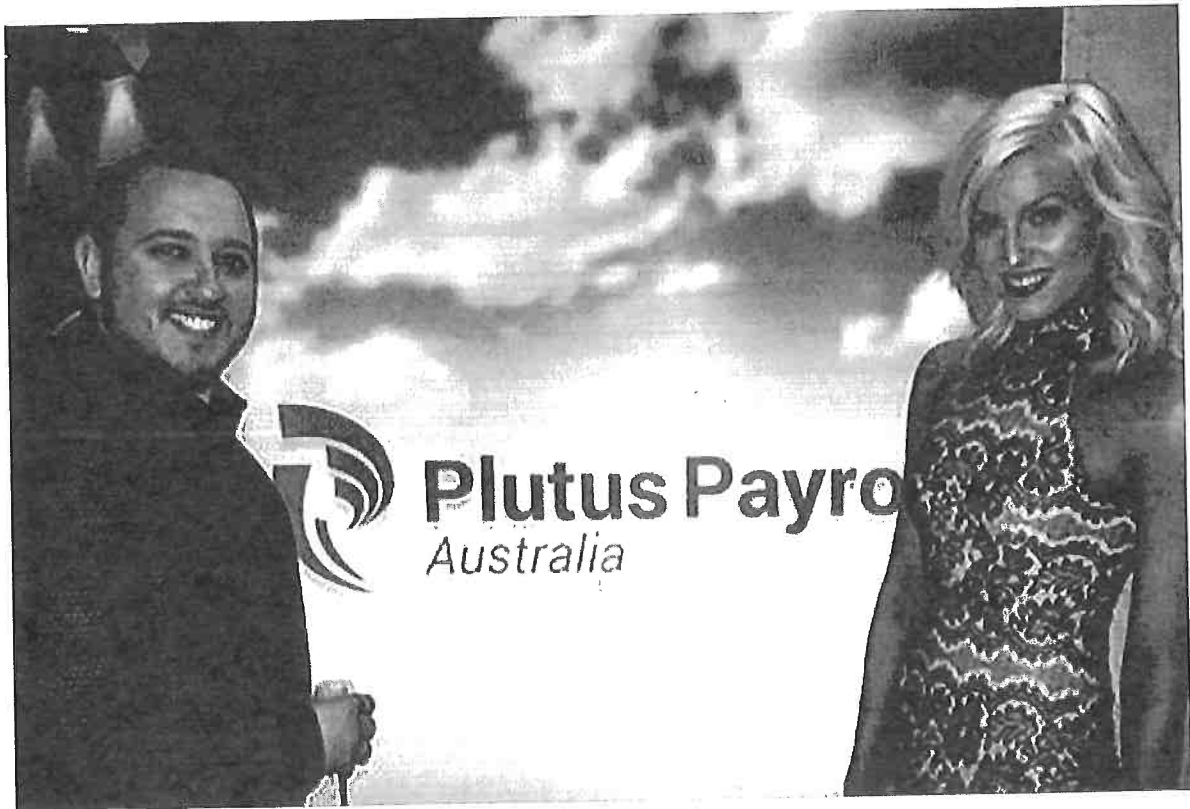
"There's always a trace for us to pick up on and that might be through our own covert operations, it might be from an investor coming forward," says Day.

Day agreed to be interviewed on the condition he would not name any entity or individual. He is very careful. But he confirms the J5 chiefs began hunting for the sort of leaked data that informed the Panama Papers. He also confirms the title of the J5's biggest investigation: Atlantis — the name of a mythic Greek island.

And the chink in the armour that triggered Atlantis?

According to a source with involvement in the overseas operations of the tax probe, a leak of the account details of thousands of Euro Pacific customers opened up lines of inquiry. Once the J5 had the information, customer names were matched against criminal databases held by police and tax agencies around the globe, along with income tax declarations. The information revealed Euro Pacific's customers included entities linked to a who's who of financial and organised

crime. Among them was Sydney businessman Simon Anquetil, the mastermind behind Australia's biggest tax fraud, Plutus Payroll.



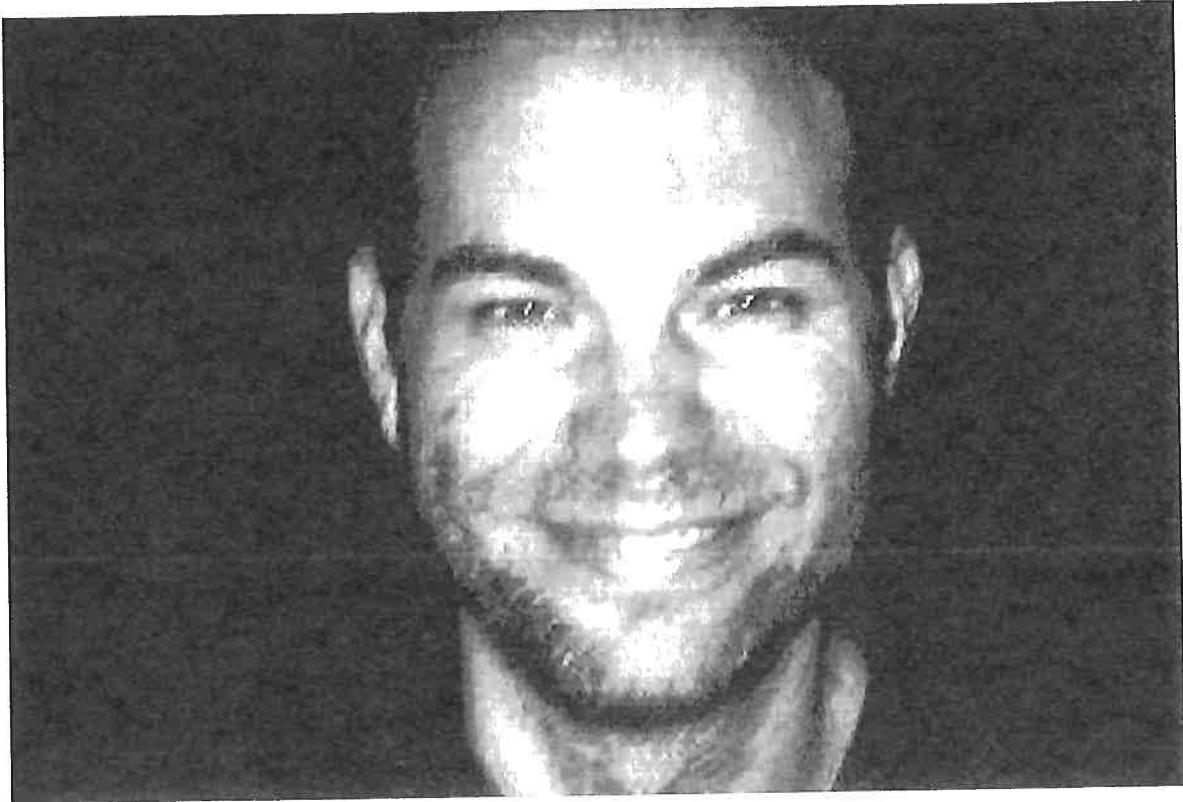
Simon Anquetil during his Plutus Payroll days.

The Plutus fraud, hatched in 2014, started as a payroll services company but morphed into a scheme that stole millions of dollars from the tax office that paid for fast cars and glitzy events graced by the likes of Miss World Australia. By the time police arrested Anquetil in May 2017, they estimated he had stolen more than \$105 million.

Sources say another of Euro Pacific's account holders is Australian entrepreneur and Hollywood film financier, Darby Angel.

Angel first appeared in public records in 1996 when he was convicted in the Melbourne Magistrates Court of drug trafficking.

When approached for this story, Angel was quick to contact the same lawyer who represented him back in 1996 – Melbourne's Bernie Balmer, the gruff-speaking defence lawyer who goes by the name Bernie the Attorney. Angel said he'd never heard of the bank and denied any involvement in wrongdoing outside of his historic drug conviction. It must be a case of stolen identity, he said.



Entrepreneur Darby Angel.

## Years of work ahead

An international customer was Canadian national Gunnar Helgason, who in 2013 was arrested and deported by Thai authorities as the mastermind of “an international boiler-room scam”. Helgason was blamed in the media for stealing \$50 million from Australians between 2008 and 2013 but was never charged.

His corporate bank account at Euro Pacific was linked to a Seychelles company created to export furniture, he says. The bank never asked him about his past, Helgason says, only lots of standard check-the-box questions.

“No one at Euro Pacific Bank said: ‘Can we have a copy of your most up-to-date CV? And by the way, don’t leave anything out,’” he recalls.

The FBI also linked an account at Euro Pacific to a Russian syndicate described by the FBI as the world’s worst cyber crime group.

It will take years for investigators to work through the bank’s thousands of customers. Some may be legitimate. Others not. Of the 100 or more Australian customers, one was John Clark.

Clark was a fan of Schiff’s podcast and shared his fears the economy would soon collapse. The 65-year-old says he’s worked hard all his life and wanted to secure his assets. In 2014, stashing some cash in an offshore bank backed by gold sounded like the right option. He says no authorities have got in touch, but he now plans to close the account.



“It seemed like a good idea at the time. Nothing sinister to be honest. It was easy putting the money in, I bet it’ll be a lot harder pulling it out,” says Clark.

## The veins

Will Day from the ATO says Operation Atlantis targets international money laundering and tax evasion. The January 24 raids, he says, were the first time in the history of tax enforcement that investigators around the world had simultaneously launched actions to disrupt and collect evidence about an offshore bank.

Sources aware of the overseas raids have confirmed that British tax authorities arrested a Euro Pacific client and issued warrants to several banks dealing with Euro Pacific. In Canada, referral agents were approached and interviewed. In America, the IRS intercepted Schiff and Anderson for questioning.

Day won’t discuss these actions but he will admit to “a feeling of excitement”. As far as international financial crime probes go, he says, Operation Atlantis was “unprecedented”.

The operation needs to “disrupt the operations of this particular financial institution”, but Day also stresses he is circling “those professionals who might be thinking about connecting their clients to these sorts of arrangements”.

The J5 is also hunting the lawyers, accountants and financial institutions linking taxpayers to Peter Schiff’s bank.

Euro Pacific would not survive if not for the big and small players that make up the financial ecosystem supporting it. Referral agents, including lawyers and accountants, direct their clients to the bank in return for a commission or client fee.

One of Euro Pacific’s key Australian promoters is lawyer Patrick Flynn. He quite lawfully recommends his clients to the bank, saying its main virtue is that it refuses to automatically share information with overseas tax authorities. Flynn also promises to help keep law enforcement away from his clients’ financial affairs by using bank accounts linked to company structures in multiple offshore jurisdictions.



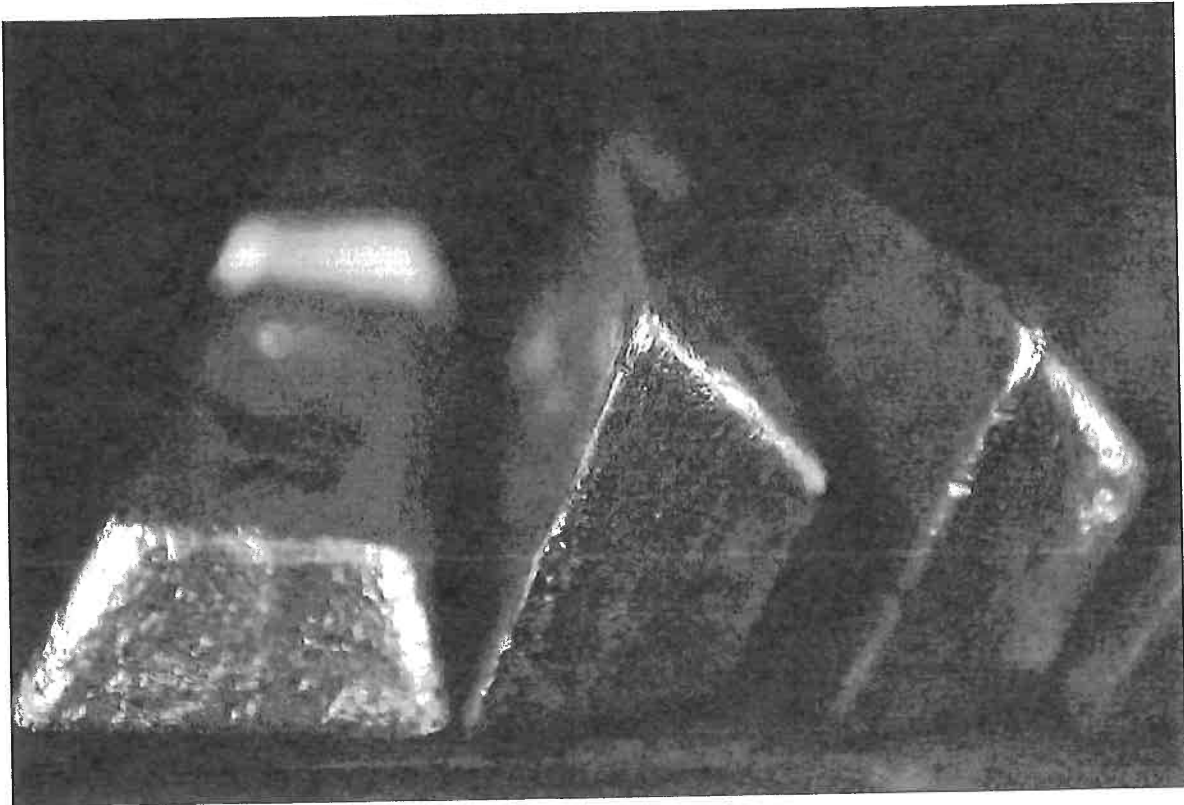
Lawyer Patrick Flynn. SCREENSHOT

"In the event of a lawsuit or tax investigation or regulatory inquiry, your client can swear under oath 'I am not the legal or beneficial owner of this company (which could be the difference between being charged with/jailed for tax evasion and walking away a free man),'” he tells clients.

Flynn said in a statement that he helped clients with "legitimate commercial and fiduciary structures" with more than 50 banks around the world. He added: "[We] do not assist clients to evade taxes. So far as we are aware, no client of our firm has ever been accused of, let alone convicted of, tax evasion."

In 2017, former AFP financial crime investigator John Chevis discovered that the West Australian government-owned Perth Mint was working with Euro Pacific.

"I was very surprised," Chevis says. "I think there's a significant risk that some of the gold held within the Perth Mint by customers of the Euro Pacific Bank may be held beneficially for criminals in other parts of the world."



Gold bars at the Perth Mint. BLOOMBERG

The mint, which is guaranteed by the WA government, is the largest refiner of newly mined gold in the world. Schiff's ultra-bearish investment style has encouraged thousands of clients to pour money into the precious metal. Euro Pacific customers could buy bars of gold through the bank and, at one stage, its debit cards were supposedly backed by the Perth Mint's gold.

The Perth Mint was also probed by the ATO in January, sources with knowledge of the raids say. The company refused to comment on its relationship with Euro Pacific. However, shortly after this masthead asked about its relationship with the Puerto Rican bank, the years-long relationship was severed.

Chevis says Westpac faces identical questions. For years, Westpac was Euro Pacific's correspondent bank in Australia, enabling it to send and receive Australian funds in return for a small fee and access to Euro Pacific's clients.

These partnerships have caused headaches for the country's oldest bank. In November, the financial crimes watchdog found Westpac failed to properly monitor transactions related to 16 of its correspondent bank partners. The failure caused it to breach anti-money laundering laws 23 million times with some payments linked to live child sex shows in the Philippines. Westpac has now agreed to pay the largest fine in Australian corporate history: \$1.3 billion.

But Euro Pacific was not one of the correspondent banks singled out in the action by the regulator.



Westpac had connections with Euro Pacific Bank until 2018.

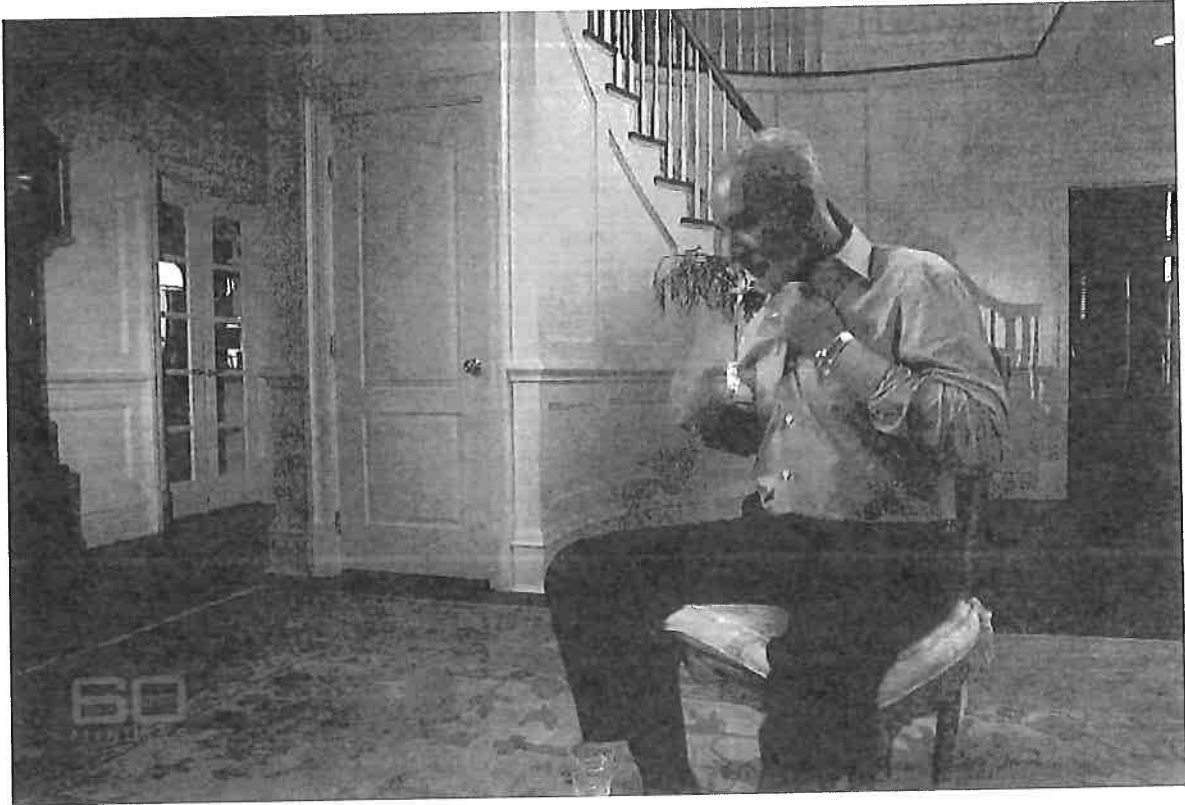
A former Westpac employee who worked in the bank's anti-money laundering department, who spoke on the condition of anonymity, said Westpac relied on its correspondent bank partners to provide information about its clients. In other words, it's a one-way stream of information. This makes it Euro Pacific's responsibility to ensure its clients aren't involved in criminal activity.

Westpac terminated its relationship with Euro Pacific in 2018 but won't say why or provide any details on how much money it helped the bank move.

Euro Pacific is now on the hunt for a new Australian banking partner, telling customers in July it would notify them "as soon as incoming AUD transfers are available again".

## Schiff confronted

Schiff agreed to an interview last month. It took place via Zoom from his upmarket home outside of New York. His guard was down. In the nine months since the J5's raids, Euro Pacific's name had not leaked. Schiff started talking about topics he's comfortable with – tax, the economy, the wrongs of government spending.



Peter Schiff objects to reporter Nick McKenzie's line of questioning. CHANNEL NINE

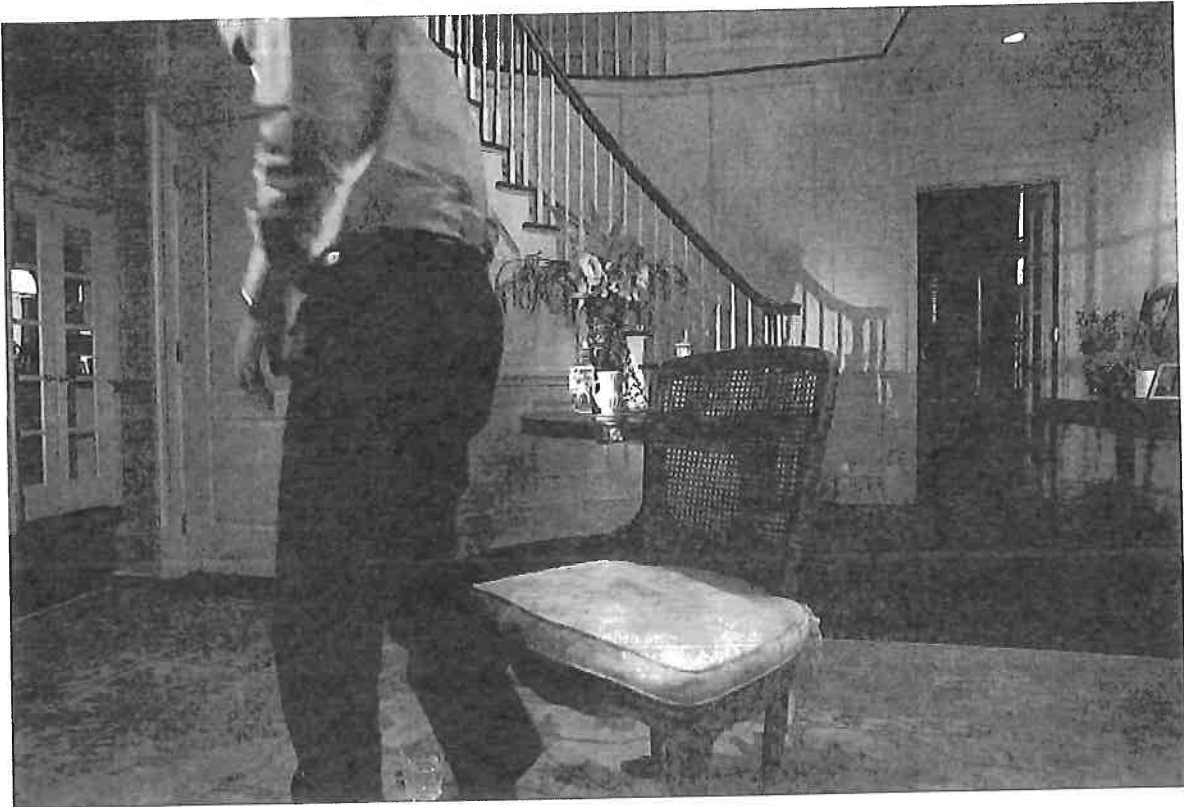
But the moment he was asked about his Puerto Rican bank, he stiffened and distanced himself from its operations. Asked why his bank was caught up in the world's biggest tax evasion probe, Schiff denied any wrongdoing, personally or by his bank.

"I'm just going to get out of this chair if you're going to keep asking me these kinds of questions," he said.

Asked why the US Internal Revenue Service visited him on January 24, he refused to elaborate.

"I've already answered the question that we're not involved in any illegal activity," he said, adding the bank "turns down far more accounts than we approve because our compliance is so rigorous".

Schiff threatened to sue this publication, ripped off his microphone and stormed out of his own living room.



Peter Schiff leaves the interview. CHANNEL NINE

## Displace and chase

Chevis says targeting Euro Pacific is a thankless task. Close down one bank and another quickly fills its place.

“That’s the game, you displace them and chase them to the next spot.”

Still, Chevis says, it’s worth it.

“If Euro Pacific closes down, people are going to have to go somewhere else ... and hopefully some of them just won’t do it. At least, that’s what I tell myself.”

Day says Atlantis continues to move in on the “professionals who might be thinking about connecting their clients to these sorts of arrangements”.

And he warns the Australians caught up in the probe may face civil penalties or jail terms for tax evasion. Other Australian policing agencies have joined the hunt. The nation’s peak criminal intelligence agency, the Australian Criminal Intelligence Commission, has listed Euro Pacific as an Australian Priority Organisation Target. This designates it as one of the most serious criminal threats to the nation’s security.

Schiff is dismissive of the interest from law enforcement.

“It’s got nothing to do with reality,” he says of Operation Atlantis. “There’s a lot of things that a government could believe that might not be true.”

And before storming away, Schiff made it clear Euro Pacific is going nowhere.

“Now eventually, I’m hoping that the bank will be profitable,” he said.

If it does, it will buck the Greek myth after which Will Day's and the J5's operation is named. The ancient story of Atlantis ends with the island sinking forever into the ocean.

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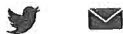
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Nick McKenzie is an investigative reporter for The Age. He’s won nine Walkley awards and covers politics, business, foreign affairs and defence, human rights issues, the criminal justice system and social affairs.



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