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Hiding Assets Under Pet Names Looks Willful, Even For Lionel Messi With 400 Goals

There is nothing illegal about tax planning. Yet some things are legal while others are not, and the lines can sometimes get fuzzy. Add to that the fact that some people go to extraordinary lengths to avoid paying taxes, and it can be a recipe for disaster.

Increasingly, if you appear to be hiding something, it can spell the difference between a tax bill or penalties and jail time. But there was nothing nuanced about the decades of tax shell games engaged in by 70 year old Mathew Zuckerman of Woody Creek, Colorado and his wife, Sandra Zuckerman. After they [plead guilty to tax charges](#), and sentenced, Mathew got 24 months in prison plus 3 years of supervised release. Mrs. Zuckerman got off with 36 months' probation.

They also had to pay over \$800,000 to the IRS. Their 'tax planning' ran from 1986 through 2009, failing to file or filing falsely. Mr. Zuckerman had formed a series of companies and trusts that funneled income, avoided corporate and personal taxes, and concealed assets. To avoid IRS liens, the Zuckermans deeded their expensive home to Hyperpanel University, a Nevada corporation whose officers and directors were their cat and dog.

Other entities were shells using Mrs. Zuckerman's name from a prior marriage, their CPA's name, etc. Using shell companies and trusts is now under fire like never before, causing some to worry whether even legitimate uses of trusts and companies will be attacked too. Take the criminal tax case in Spain against Argentinian athlete [Lionel Messi](#).

[Messi has just scored his 400th goal](#) and earns \$50 million a year, making him [#4](#) on Forbes' 100 highly paid athletes. At the World Cup he won the Golden [Ball](#). But he still faces tax evasion charges that could send him to jail. Taxes have become a worldwide spectator sport, and the word of the decade is transparency.

Since 2009, the IRS and Department of Justice sliced through the Gordian knot of bank secrecy with UBS and many other Swiss banks. Credit Suisse paid a [\\$2.6 billion fine](#), and took a U.S. felony charge. Much of it is all about secrecy. Now, Americans cannot hide anywhere for any reason. [FATCA](#)—the Foreign Account Tax Compliance Act—is America's global tax law.

It requires foreign banks to reveal American accounts holding over \$50,000. Increasingly, trusts and companies are under fire. The IRS and DOJ use these common devices to enhance the willfulness that may be present. The cover-up can be worse than the crime, making innocent activity [willful triggering IRS penalties or jail](#).

That is one of the issues facing Lionel Messi and his father. Spanish prosecutors are focused on secrecy. They say the scheme relied upon hiding the names of the real owners of companies registered in the UK, Switzerland, Uruguay and Belize. A key element in Messi's case seems to be the clandestine nature of the tiered arrangement to keep his name hidden, with money allegedly routed through U.K. and Swiss companies and then to companies in Uruguay and Belize.

Mr. Messi denies the allegations, but it is clear that secrecy itself is under attack. The UK is moving to make company ownership entirely transparent, and company ownership transparency is being discussed in Brussels too. Nominee ownership involves straw-men listed as owners or directors who are acting on behalf of someone else.

This once common device is now more likely to be viewed as a problem that triggers others. That is one of the problems facing Lionel Messi and his father, as detailed in the [formal complaint](#) filed by the Spanish prosecutor. They have been accused of evading 4.2 million euros in tax on earnings from sponsors.

Worldwide, secrecy and willfulness are being linked like never before. So as cute as those pet names may be, use them only if you are fully paying tax on everything—and not at your pets' tax rates.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.