



Thursday, August 9, 2012

MEMORANDUM TO INTERESTED PARTIES

FROM: Ben LaBolt, National Press Secretary

SUBJECT: Romney's Tax Dodge Extended to Businesses He Managed

In a *Bloomberg Businessweek* interview published today, Governor Romney repeated his refusal to release additional tax returns beyond the two years he has committed to because he is “not a business.” Apparently, corporations are no longer people in Romney’s mind. But Romney’s attempt to seal off his returns come as new questions emerge about both whether he avoided paying his own fair share in taxes and whether he helped the corporations he managed dodge taxes, too.

These questions are especially relevant given voters’ heightened attention in this election to the fate of their own tax rates, and the central role tax reform will play in the next administration. While the President has fought for tax reforms that would eliminate special loopholes for the wealthiest and large corporations, it’s clear Mitt Romney is quite comfortable exploiting them.

Last week, Romney promised [ABC News](#) more information on whether he paid an even lower rate in previous years than the 13.9-percent rate he paid in 2010 – far lower than what many Americans pay – but quickly reneged on that promise, raising questions about whether he avoided paying his fair share.

This week, new revelations have made clear it wasn’t only his personal finances he sheltered from taxation.

First, [CNN](#) published an op-ed by two tax experts who describe in detail a shelter employed by Marriott – and overseen by Romney – to report fictional losses exceeding \$70 million. Romney was the head of the company’s audit committee at the time Marriott employed this strategy that the experts, Peter C. Canellos and Edward D. Kleinbard, call “perhaps the largest tax avoidance scheme in history.” Marriott was on the vanguard of tax avoidance, and the op-ed’s authors rightly note that the Republican nominee’s “endorsement of this stratagem provides insight into Romney’s professional ethics and attitude toward tax compliance obligations.”

Second, [Bloomberg News](#) reported that under Mitt Romney’s leadership, Bain Capital avoided taxes by funneling the profits it made from buying and selling Italy’s version of the Yellow Pages

through a shell corporation in Luxembourg, a widely recognized tax haven. The billion-dollar deal was “one of the biggest windfalls” of Romney’s tenure at Bain.

Additionally, the [*Los Angeles Times*](#) reported that the Romneys went to great lengths to lower their property-tax bill on their \$12 million La Jolla, Calif., home. The story raises questions about whether the Romneys grossly exaggerated the devaluation of their beachfront mansion to lessen their tax burden.

While these stories provided some new revelations, one large unanswered question looms: as Romney is vetting his vice-presidential candidate, is he asking the finalists to disclose to him the very same kind of tax records he is concealing from the public? Does he expect them to share documents that would reveal the details of their business dealings and lobbyist work?

There are many outstanding and serious questions that have raised about Mitt Romney's manipulation of the tax laws:

1. The history of Romney’s Swiss bank account, which he failed to properly disclose on his personal financial disclosure reports and was revealed only by the single full year of tax returns Romney has disclosed so far.
2. How and when the Bermuda corporation Romney has owned for nearly 15 years – but had transferred to a blind trust in his wife’s name the day before he was sworn in as Governor – ended up back in his full ownership of outside of the trust, as reported on his 2010 tax return.
3. The details he recently promised ABC News (a promise on which he then reneged) about whether he ever paid a lower income-tax rate than the 13.9 percent he paid in 2010, far lower than what many Americans pay.
4. Details of Romney’s personal interests in at least 12 Bain Capital holdings in the Cayman Islands, worth as much as \$30 million.
5. How Mitt Romney’s IRA grew to become worth as much as \$100 million despite an annual contribution limit of \$30,000.
6. To what extent was Romney personally involved in the tax trickery that Italian taxpayers are still paying a price for.
7. To what extent Romney gained financially by turning a blind eye to the largest tax avoidance scheme in history when he led Marriott’s audit committee.

The disclosure of Romney’s tax returns is an essential step in getting answers to these questions. Romney has asked the American people to elect him based on his business career and economic expertise. New revelations make clear this week that he will go to any lengths to create profit for himself, even if it means significant, harmful consequences for businesses and taxpayers. Americans have a right to know whether he did in fact unduly gain from tax avoidance schemes.