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## FORMER BRADENTON BUSINESSMAN APPEARS IN PANAMA PAPERS DATABASE

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John Stagl and his property purchase show up in the Panama Papers, 11.5 million confidential documents leaked to a German newspaper last year and the subject of a collaborative analysis by McClatchy and about 350 journalists under the umbrella of the International Consortium of Investigative Journalists. The documents provide a window into the world of secret offshore companies.

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MANATEE -- John Stagl says he wants to get the most out of life, so much so that he wrote a book on how to do it. On the jacket of "Stop the Rain Dance," he boasts a track record in a litany of professions: physician, entrepreneur, inventor, writer, radio talk show host and investor.

"I've been much into self-help and doing things to try and have a better life," Stagl said recently in an interview with the Bradenton Herald. "I noticed some things worked and some didn't." Years ago, he explains, people thought dancing was an effective way of summoning the gods for rain. "But today we know better," Stagl said. "The parallel today is I know what works and what doesn't." He addresses three areas of life in the book: health, relationships and finance. Now 63 and a Bradenton resident until 2013, Stagl was born and raised in Gary, Ind. As a child, he listened to his mother's records from the Success Motivation Institute Inc., a self-help company. He said the records "changed his life" with some relatively simple advice: Every person has the power to improve their own life.

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Stagl moved to Florida more than 20 years ago. In 2002, through his company Empower Technologies Inc., he launched Sonosoft, a medical software meant to give doctors a "better, faster way to document your patient visits, exams and procedures," according to the software's website. "To work, to get money, you have to create value and you have to do something," Stagl said. "You have to put forth effort to get paid. The more you give, the more you get." And when Stagl invested \$81,000 in a supposed-to-be master-planned community in Panama, he says he thought he was following his own advice. Stagl's 2007 purchase at Sunset Point Bocas, located in Panama province Bocas del Toro, is the only investment he says he's made outside of U.S. borders. "Unfortunately, it wasn't a very good investment," Stagl said. "But that's not Panama's fault; you get people

involved and that's what happens." He wanted to invest in Panama because he liked the country for several reasons: "They're really good to retirees, and the cost of living there is half of what it is here except housing." Stagl also found and felt a sense of peace in Panama.

Stagl and his property purchase show up in the Panama Papers, 11.5 million confidential documents leaked to a German newspaper last year and the subject of a collaborative analysis by McClatchy and about 350 journalists under the umbrella of the International Consortium of Investigative Journalists. The documents provide a window into the world of secret offshore companies. While such companies are not illegal and can be used for a myriad of legal means, the Papers reveal a host of questionable activities around the globe that can be facilitated through the use of offshore companies. According to emails obtained by the Bradenton Herald, Stagl created a Panamanian company through Panamanian law firm Mossack Fonseca, Empower Technologies Inc., and used it to buy a piece of property in Sunset Point in 2007. He told the Herald he chose this method based on the advice of others. "It was just the recommendation to create a Panamanian corporation and then to have that corporation buy the property," Stagl said. Mossack Fonseca is a leading global player in the incorporation of offshore companies around the world and the subject of the largest-ever financial breach.

In the emails, Stagl agrees to pay closing and incorporation costs for Empower Technologies Inc., totaling \$2,560 which includes Fonseca's courier fees. Stagl also inquired about setting up a foundation. Stagl chose to hold "bearer shares" in Empower Technologies Inc., which allow for anonymity in ownership. "Bearer shares is a type of shares that gives the person who is holding the stock certificates the ownership over the company," explained ██████████, an attorney with the Miami-based law firm ██████████ who specializes in international tax law. "So whoever 'bearers' the shares is treated as the owner." This means the physical stock certificates can be transferred between people and no record of ownership is ever kept. Bearer shares are often used for tax purposes, ██████████ said. "These types of shares are used by persons who don't want to treat themselves as the owner for tax purposes. They simply give the shares to someone to hold on their behalf (like an attorney). They argue that since they don't hold the shares currently, they are not the owner. Therefore, they don't have to report the ownership for tax purposes." But for U.S. tax purposes, ██████████ said, it doesn't work. "We would treat the person holding the shares as an agent or nominee of the true beneficial owner," ██████████ said in an email exchange with the Herald.

Stagl said he still has the certificates for the shares, though he said he hasn't disclosed his ownership in the Panama-based Empower Technologies to the Internal Revenue Service. "The IRS typically asks you if you have a bank account in another country," Stagl said. "Because Empower Technologies -- I don't know how it works, to be honest with you, but it's a separate corporation -- so I don't know if that has ever been posed to me to disclose that to the IRS. So I haven't shared anything with them." Stagl chose to use a Panamanian company and to hold bearer shares in that company, he stressed, because it was recommended to him by his Panama attorneys. "I believe everything is in place and my attorneys believe so," Stagl told the Herald. "I don't think there are issues." Since Stagl bought the bearer shares, Panama amended Law 47, which went into effect in 2015. The amendments contain requirements for all bearer shares to be handed over to a lawyer in Panama's authorized custodian registry by Dec. 31, 2015 or traded for registered shares.

Marc Soss, a Lakewood Ranch tax attorney, said U.S. tax law requires disclosure of assets no matter the form they come in. "I think the tax law is very clear on that issue," Soss said. "You're supposed to disclose U.S. and non-U.S. assets."

### **Sunset Point Bocas: a master-planned paradise**

Bocas del Toro extends from mainland forested mountains to barrier islands on the northwest tip of Panama. According to the Bocas del Toro tourism website, the province is Panama's top tourist destination.

According to an Aug. 14, 2008 archived Sunset Point Bocas website, the Sunset Point community was set to be situated on 200 acres overlooking the Caribbean Sea. The master site plan included 108 single-family homes and 21 luxury apartments. The archived Sunset Point website contained links to six construction updates, photo galleries and information about property for sale. The "contact us" page displays phone numbers for a Panama office and a Miami office. Sixty of the home lots faced man-made canals on the property with plans to elevate homes on those sites to "take advantage of the view and make the most of the cool Caribbean breezes coming off the ocean," according to the archived page. About 2,100 feet of the development were slated for 12 "large home sites" on the bay front. An area with views of a deepwater lagoon was also planned for the community. "With its wide range of subtly different mini-environments, Sunset Point offers some of the most environmentally diverse living conditions in Bocas del Toro," the archived page reads. Other amenities to be included in Sunset Point: private, protected boat slips complete with a marina, a five-star "boutique" hotel and restaurant, a sushi bar, a "hilltop chill-out lounge with plunge pool and views to the mountains," exercise facilities, a spa, private beaches, freshwater and saltwater swimming pools, volleyball and tennis courts and a water sports center.

### **Trouble in paradise**

The Sunset Point Bocas property never came to fruition. Stagl isn't sure exactly when it happened, but "somewhere along the line there was a significant disagreement among developers," he said. "They had a fight and couldn't resolve it. The entire project went belly up." According to the 2008 screen grab, the developers sold 41 lots of 104 listed single-family lots with 24 available for purchase and five others reserved. The remaining 34 were listed for "Phase 2" of the development. The 24 available lots varied in size from 17,115 to 62,538 square feet and were listed for between \$125,000 and \$510,000. The total asking price of the available properties combined was \$7.43 million. The largest buy in square footage was a purchased 73,851-square-foot lot with no bay front or canal front property. The smallest sold was the 17,115-square-foot lot. Two of the five luxury apartment sites were sold and the remaining three were listed as available. Those three were listed for between \$449,000 and \$659,000 with between 1,747 and 2,560 square feet. The data available on the Sunset Point website did not provide information about the actual sales price. Stagl received discounts on his Sunset Point property purchases because he invested early in the development's short lifespan, he said. He would like to sell the property now, but is uncertain of its future because of the developers' disagreement. "The value went from somewhere in the area of \$90,000 to \$350,000 to question mark, question mark," Stagl said. "We don't even know what the value is. That's kind of where it is. People purchased along that sliding scale depending on when they came along."

### **String of accusations**

The project itself seems to have devolved into name-calling among the developers, who have proceeded to accuse each other of fraudulent, and even criminal, activity. A notice appeared on the Sunset Point website (now defunct) accusing Sunset Point officials John Ross Hagen, Walter Michael Stephenson and John Thomas McKeon of being charged in 2010 with fraud. Hagen told the Herald in a recent interview that Mathew Whant was a former Sunset Point Inc. employee, had control of the website and posted all the notices. Hagen said "there are no criminal charges" in Panama against him and his partners, and he contends Panama authorities are seeking Whant, though "nobody knows if he's even in Panama anymore." It cannot be confirmed that there were ever any charges brought against any of the players or if any are currently being sought by authorities. Hagen corresponds with Whant in May 2009, where the two argue about the structure of Sunset Point. In a May 12, 2009 email, found in the Panama Papers database, Hagen wrote: "I can not believe you have done this to Sunset Point shareholders, officers and directors. So what you did with your visa atty. changing the whole structure of Sunset Point where you became sole owner of Sunset Point was actually calculated and planned! You are a liar (sic), manipulator and thief. You are attempting to steal this company. Please respond to what you have done."

Whant responds that he has no "cloak and dagger" intentions and Hagen still represents a "major investment group and always will." Hagen responds again, further accusing Whant of changing the corporate structure and value without his consent. "This is about theft of a corporation. You have changed our register agent (Mossack), all directors, officers and have increased the amount of shares. All while hiding this from my self and our attorneys. Your actions require me to instruct our attorneys to have this illegal theft reversed immediately," Hagen wrote in a May 13, 2009 email. Whant's response asks Hagen to discuss the issue the following day and to "please stop worrying the team and let's try and sort this out between the two of us in a rational manner." A Mossack Fonseca representative then emailed Hagen and Whant, perplexed by a shareholder's resolution that designates Ricardo Enrique Ortega Cucalón as the registered agent instead of Mossack Fonseca. The emails inside the Panama Papers database appear to end there.

### **'Mothballed for years'?**

Similar accusations were made against Stephenson, Hagen and McKeon on archived pages of websites for at least two other companies: Volcan Pacifica S.A. and Alto Volcan S.A. The same notice posted on the Sunset Point website was posted on the Volcan Pacifica website, according to an archived page. According to domain registry searches, Whant also has control over the Volcan Pacifica website. The Volcan Pacifica archived website shows similar marketing claims as those made on the Sunset Point website. Volcan Pacifica is in the Chiriqui province of Panama, south of Bocas Del Toro, and the archived Volcan web page uses the Sunset Point property as an example of successfully completed construction. In an interview with the Herald, Stephenson said he came into the Sunset Point project as an investor "well beyond" when any property was sold and the former management company had to be foreclosed upon. Asked about the status of Sunset Point, Hagen said, "It's been mothballed for years. We're trying to bring in a new investor group, but it's been very difficult with this Mat Whant guy." Eventually, Hagen said, he wants to restart the development and give landowners like Stagl the chance to develop or sell the property they own. Stagl purchased land in Sunset Point apparently before the trouble among developers started, but says he was still "greatly" affected by it. Stagl, who now lives in Gainesville, emphasized he

is still not sure if any fraud has actually occurred. "All I have is hearsay," Stagl said. "Everybody is pointing fingers at everybody else."

*Read more here: <http://www.bradenton.com/news/business/article77671182.html#storylink=cpy>*