

WALL ST SET TO OPEN LOWER ON GLOBAL GROWTH FEARS

NEW YORK: Wall Street was set to open lower yesterday as investors worried about weak global growth and the uncertainty surrounding the Federal Reserve's plans to hike interest rates this year.

Minutes from the Fed's March meeting released on Wednesday pointed to concerns about the central bank's limited ability to tackle a global economic slowdown, reducing the odds of a rate increase before June. While the Fed has projected two rate increases this year, the market is pricing in a near 60-percent chance of a hike in December, according to CME Group's Fed Watch Program. The

central bank's caution put pressure on the dollar as investors sought safety in the yen. "I suspect that what we're seeing here is a little market jitters due to the fact that the dollar continues to weaken," said Peter Cardillo, chief market economist at First Standard Financial in New York. "I think we will just stay in a mixed-to-holding pattern for the next day or two until the earnings season begins to move into full gear next week," Cardillo said.

First-quarter earnings at S&P 500 companies are expected to decline 7.4 percent, according to Thomson Reuters data. At 8:32 a.m. ET, Dow e-minis were down

76 points, or 0.43 percent, with 26,122 contracts changing hands. S&P 500 e-minis were down 10 points, or 0.49 percent, with 242,468 contracts traded. Nasdaq 100 e-minis were down 19 points, or 0.42 percent, on volume of 26,057 contracts. Fed Chair Janet Yellen, who has urged caution on raising rates, is slated to speak on monetary policy along with former central bank chairmen in New York later in the day. The number of Americans filing for unemployment benefits fell to 267,000 last week, beating the fall to 270,000 estimated. Wall Street closed higher on Wednesday, boosted by gains

in healthcare and energy shares. Oil held steady near \$40 a barrel as a rise in Iraqi exports offset gains from an unexpected fall in US stockpiles.

Valeant Pharmaceuticals shares were up 6.7 percent at \$36.47 premarket after the company got approval from its lenders for an amendment and waiver to its credit facility. Yahoo slipped 2.3 percent to \$35.82 after Re/code reported that the Internet company expects sharp decline in revenue and profit for 2016. Bed Bath & Beyond was up 3 percent at \$50.27 after strong quarterly results prompted price target upgrades. — Reuters

A TOP HAVEN FOR TAX CHEATS THAT MAY SURPRISE YOU

'THERE'S A BIG NEON SIGN SAYING THE US IS OPEN TO TAX CHEATS'

WASHINGTON: The US lambastes and strong-arms countries that help drug lords and millionaire investors hide their money from tax collectors. Critics say it should look closer to home.

America itself is emerging as a top tax haven alongside the likes of Switzerland, the Cayman Islands and Panama, those seeking reform of the international tax system say. And states such as Delaware, Nevada, South Dakota and Wyoming, in particular, are competing with each other to provide foreigners with the secrecy they crave. "There's a big neon sign saying the US is open to tax cheats," says John Christensen, executive director of the Tax Justice Network.

America's openness to foreign tax evaders is coming under new scrutiny after the leak this week of 11.5 million confidential documents from a Panamanian law firm. The Panama Papers show how some of the world's richest people hide assets in shell companies to avoid paying taxes.

Christensen's group, which campaigns for a global crackdown on tax evaders, says the United States ranks third in the world in financial secrecy, behind Switzerland and Hong Kong but ahead of notorious tax havens such as the Cayman Islands and Luxembourg. Under a 2010 law, passed after it was learned that the Swiss bank UBS helped thousands of Americans evade US taxes, the United States demands that banks and other financial institutions disclose information on Americans abroad to make sure they pay their US taxes.

But the US doesn't automatically return the favor. More than 90 countries have signed on to a 2014 information-sharing agreement set up by the Organization for Economic Cooperation and Development; the US is among the few that haven't joined. American banks don't even collect the kind of information foreign countries would need to identify tax dodgers.

"The banking lobby has resisted changes in the law that would allow more sharing of data," says Peter Cotorceanu, a Zurich-based lawyer who specializes in private banking.

Last year's report

In a report last year, the Tax Justice Network complained that "Washington's independent-minded approach risks tearing a giant hole in international efforts to crack down on tax evasion, money launder-



HONG KONG: The entrance of the regional head office of Panama-based law firm Mossack Fonseca, one of the world's biggest creators of shell companies. — AP

ing and financial crime." It said foreign elites have "used the United States as a bolt-hole for looted wealth."

Pascal Saint-Amans, head of the OECD's Center for Tax Policy and Administration, says the US often makes information available to other countries upon request. But that means countries can get details only on those they already suspect of tax evasion. Christensen says Swiss banks report that "many of their tax-dodging clients are talking about moving to the US. You go to Switzerland, and that's all they're talking about." Individual states, including Nevada, Wyoming and South Dakota, are making things worse, critics say.

They compete with each other to make it easier to set up corporations - few questions asked about who's behind the business. "We have states that set up corporations where there's no information about ownership," says Jack Blum, a Washington lawyer who specializes in financial crime. "The states make a lot of money doing that." Nevada, for instance, makes it easy to incorporate secretly and charges a \$500 annual business license fee for corporations and \$200 for other businesses. Lawmakers granted business entities greater protection against lawsuits in 2001, hoping to attract more of them and use incorporation filing revenue to raise teacher salaries.

"Nevadans will continue to see nefarious business practices like those reported in the Panama Papers if state officials don't change the laws of incorporation," says

Rep. Dina Titus, D-Nevada. "It is time for the state to tighten its disclosure and liability laws and remove the sign from our front yard that says: 'Sleazeballs and rip-off artists welcome.'" Nevada's registered agent industry, which helps businesses incorporate in the state, supports about 1,000 jobs and pumps \$110 million into the state economy every year, says the Nevada Registered Agents Association. The group opposed an effort last year to raise the business license fee. "Nevada has promoted itself for decades as a 'business friendly' state, and that benefit is critical to keep new entities incorporating in Nevada," says Matthew Taylor, a former association president and current board member.

Doubts

But doubts are rising, even in Nevada. Many of the businesses are mere shells, financial contrivances that don't employ people or make any investments.

"Historically, we have marketed ourselves as kind of a Wild West, frontier sort of place," says Pat Hickey, a Republican in the Nevada Assembly. Now, Hickey wonders, "Don't we want businesses that actually reside here, provide services or manufacture things? ... I don't know it's necessarily an industry that we need to bend over backward to keep." South Dakota says its favorable trust laws provide an attractive place for families to park and grow their wealth, and it can all be done outside the public eye. —AP

GROUP BEHIND 2010 ARIZONA BOYCOTT CONSIDERS NEW EFFORT

PHOENIX: Latino and civil rights groups behind a 2010 boycott of Arizona designed to pressure the state into stopping anti-immigrant legislation on Wednesday said they are considering a renewed boycott because of a new series of legislative proposals.

The groups, united as the Somos America Coalition, said more than a half-dozen bills moving in the Arizona Legislature target illegal immigrants and strike fear in the immigrant community. Founding President Roberto Reveles delivered a letter to Republican Gov. Doug Ducey asking him to pressure the Legislature into killing the bills or to veto them if they reach his desk.

"During the boycott, Arizona's business community eventually delivered a clear message to the Legislature's leadership to reject any further anti-Latino and anti-immigrant policies," Reveles' letter said. "Regrettably, the legislature is once again promoting extremist public policy shamelessly aimed at making life so miserable for undocumented immigrants that they will self-deport."

Enacting the new legislation would prompt a destructive boycott, Reveles said. A study done six months after the start of the 2010 boycott showed at least \$141 million in lost economic activity, although it didn't have a massive impact on the state's economy. Ducey spokesman Daniel Scarpinato called any boycott "a stunt that should be widely and vocally condemned." "Let me be very clear," he said. "Any discussion of a boycott is election year politics at its worst and these groups should be ashamed of themselves for trying to divide Arizona and destroy our economy."

State business groups, including the Arizona Chamber of Commerce and Industry, also rejected calls for a renewed boycott. "Boycotts only hurt our economy, negatively impact hardworking Arizonans and divide our citizens," the groups said in a joint statement.

New Bills

The Legislature is considering a series of bills that worry the Latino groups, although many of them have stalled. Ducey has signed one bill that ends a state prison program that releases some convicts subject to deportation after they serve 50 percent of their sentences instead of the normal 85 percent. Those convicts were then turned over to federal officials for deportation, but lawmakers were concerned some were being released in the US.

In a signing letter, the governor said the bill was about holding everyone to the same standard of justice and wasn't about immigration politics. The other bills cited by Reveles' group include ones that would require illegal immigrants to serve their full sentences and deny them probation; target state funding to cities that issue identification cards to people in the country illegally or don't cooperate with immigration agents; and another barring the state from helping relocate refugees.

Sen. Steve Smith, R-Maricopa, is sponsoring the bill requiring full sentences and says it aims to prevent criminals from being released early and committing more crimes. It was prompted by the 2015 killing of 21-year-old convenience store clerk Grant Ronnebeck by an immigrant released on bond by immigration officials after a state conviction. — AP