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# What the Pandora Papers say about New Hampshire

New Hampshire Public Radio | By **Julia Furukawa**, **Peter Biello**

Published October 22, 2021 at 3:31 PM EDT



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The Pandora Papers are the most expansive leak of tax haven files in history, with nearly 12 million documents detailing the hidden assets and deals of over 330 public officials and politicians in more than 90 countries, including 35 country leaders.

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Trusts are one way money gets shielded from tax authorities and other regulators. When wealth is in a trust, it means the money is managed by a third party on behalf of a beneficiary.

In the U.S, a handful of states have trust laws that provide more advantages than other states, and **New Hampshire joined that group** in 2006.

The Granite State is now home to \$932.5 billion in assets managed through trusts.

All Things Considered host Peter Biello spoke with New Hampshire Business Review reporter Bob Sanders, who's been covering the story.

You can read Sanders' reporting below, which was **first published by the New Hampshire Business Journal**.

\$932.5 billion.

That's the value of assets under management by a rapidly growing trust industry ostensibly based in New Hampshire. They have increased by more than a quarter of a trillion dollars in just the last year, and it's not a complete total.

The past year's infusion is triple the amount reportedly going into South Dakota, where several trusts have been scrutinized after the release earlier this month of the so-called Pandora Papers.

Those papers — the latest of a series of massive leaks — document and expose the movement of nefarious money shielded by foreign trusts by people looking to avoid taxes and scrutiny. Some of that money came from politicians, kings and billionaires and was used for questionable, if not criminal, purposes. Lately, that money has been coming to the United States in trust havens, notably South Dakota, whose loose rules and regulations rival the most notorious offshore jurisdictions.

In coverage about the Pandora Papers, New Hampshire has been mentioned as a place where it is easy to form trusts, but in some ways, the state has overtaken South Dakota as the premier place to secretly stash foreign assets, both in trusts and in relatively new and even less regulated family law foundations.

Since the foundation law went into effect in October 2017, 15 have been set up in the Granite State, six through LLCs created by attorney Todd Mayo, the trust lobbyist

who authored that law.

“We’ve gone ahead of South Dakota,” enthused Sen. Lou D’Alessandro, D-Manchester, sponsor of much of the trust legislation since 2004, though he quickly added that means “we’ve gone through all the hoops.”

Still, most of the industry favors South Dakota. It has more than 100 trust companies. New Hampshire has 40. While our trust law is updated frequently and has bipartisan support, South Dakota’s is updated nearly every year with recommendations from the Governor’s Task Force on Trust Administration Review and Reform.

It has been a trust haven since 1983, and New Hampshire’s law was enacted in 2006, a relative latecomer compared to other trust havens, like Alaska, Delaware, Nevada and Wyoming. Florida and Texas are also getting into the game.

And many of these states — according to the website of the International Consortium of Investigative Journalists (ICIJ), a nonprofit of 280 journalists worldwide that received the Pandora Papers — show up in the Pandora Papers. South Dakota has had 81 trusts involved, Florida 37, Delaware 35, Texas 24 and Nevada 14. New Hampshire? None, so far.

The Pandora Papers, which have been pegged as the “largest investigation in journalism history,” are based on the leak of nearly 12 million financial records from 14 offshore service providers. They reveal the secret offshore holdings of 130 billionaires around the world.

***The Pandora Papers document the movement of nefarious money shielded by foreign trusts to avoid taxes and scrutiny.***

It has led to scores of articles, with headlines like these:

“From temples to offshore trusts, a hunt for Cambodia’s looted heritage”; “As Catholic order fought sex abuse claims, secret trusts devoted to it poured millions into American rental properties”; “Chilean President Sebastián Piñera to be criminally investigated due to Pandora Papers revelations.”

## Trusts and trust companies

But this is the tip of the iceberg. The Pandora Papers are a mess. They include documents from so many different sources, in so many different formats and languages, that only about 2 percent of them are so far available on an accessible database shared

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with select journalists at some 150 major news outlets. The organization is planning to share the data with smaller outlets as well, eventually putting online its database of at least 785,000 offshore companies, foundations and trusts gathered from previous leaks, including the Panama Papers and the Paradise Papers, which were leaked previously.

Those older leaks, some with data dating back decades, contain 113 New Hampshire addresses with some kind of offshore connection. On that database, you can find Craig Benson, former governor and founder of Cabletron Systems, as well as executives of various companies, like Enterasys Systems, some of whom were charged with securities fraud, Dennis Kozlowski, the disgraced Tyco International CEO who went to jail for looting his company, and Paul Meister, who — along with Paul Montrone (who is not in the database) — helped found Fisher Scientific (now Thermo Fisher Scientific) and Perspecta Trust. Meister and Montrone have been key figures in urging New Hampshire to become the trust haven that it has become.

The list also includes addresses at Dartmouth-Hitchcock Medical Center, Dartmouth College, St. Paul's School and a few prominent car dealerships.

Of course, a connection with an offshore company does not constitute anything wrong going on. In most cases, it's just a legal way to shield legitimate family wealth from taxation and prying eyes.

No New Hampshire trust companies are in the database, though there are some with similar names that could be their offshore counterparts, but trust companies are not the trusts. They just administer the trusts — trusts that are so secret we wouldn't even know their names.

This distinction between trust companies and trusts is often lost on the public, said Bill Ardinger, an attorney at Concord-based Rath Young and Pignatelli, another key figure of setting up the trust industry in the state.

The state Banking Department does know of the actual trusts and does examine them once every three years, though a recent law gives them permission to do it more often. Ardinger attributes the department's high level of regulatory scrutiny as one reason that trusts in New Hampshire have not been caught up in the Pandora scandals.

South Dakota and Nevada have "regulation light," Ardinger said. "Those involved in questionable stuff are not finding themselves in New Hampshire. They go somewhere where oversight is not quite as excellent."

But state Banking Commissioner Jerry Little is concerned about several aspects of New Hampshire's trust law.

"If we do find out something is going on here, it will probably be because of the ICIJ," he said, because "of the extreme amount of confidentiality written into the state's law."

First, most trust companies chartered in New Hampshire don't have a physical presence. (South Dakota requires an office and a person to fill it.) Some 21 of New Hampshire's 34 public trust companies don't even list a New Hampshire location, and several that do have a New Hampshire mailing address but no real presence here. This undercuts some of the advantages of attracting the trust industry here, said Little. Without a local nexus, the state won't get a larger share of taxes, and "the promise of new jobs has fallen flat. There are only a couple of hundred jobs they could point to," he said of the law's proponents.

It's true, said Ardinger, that the trust companies themselves won't generate the thousands of jobs created by a financial giant like Fidelity Investments. The job growth is more significant, though harder to measure, for firms that play a supporting role. "Think of all the supporting financial services: the law firms, the accounting, the auditing firms," said Ardinger.

He points to Perspecta Trust, which was acquired in November by Jordan Park Group, an investment management company in San Francisco without a trust department or an eastern presence. The rebranded Jordan Park Trust Company is now moving into new offices in Portsmouth and doubling its workforce from 15 to 30, according to Glenn Perlow, a former New Hampshire banking commissioner and the company's general counsel. Those additional jobs won't all be in trusts, but they are jobs nonetheless.

The lack of a physical presence is also a regulatory concern, said Little, who pointed to Noble Trust, which went under in 2008 as part of a \$20 million Ponzi scheme. The department ended up getting back half of that loss to return to investors when the liquidation finally wound down in June 2019. Back then, most of the documentation was on paper. Today, "we have trust companies spread across the globe, and everything is on the cloud. If we have another situation morph into a criminal enterprise, it would be hard to contain," Little said.

Recently, he said, when the Banking Department's staff tried to examine a trust company located in Massachusetts, they were told by the security guard at the building that there was no such company. The company had moved without informing the department. "That's not OK," said Little.

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## No actual oversight

The state recently passed a law requiring trust companies and their officers to provide physical locations, and that they have to travel to New Hampshire, records in tow, for an examination. “We need to know where they are operating. We need to know where to send a cease-and-desist,” said Little.

Perlow, who’s also president of the New Hampshire Trust Council, points to these changes as evidence of how closely New Hampshire is regulated compared to states like South Dakota. “They have access to our books and records,” he said.

New Hampshire is also a bit more transparent than South Dakota in other ways. There, trust litigation is under seal. Here, it’s still public. And New Hampshire has a “women and children provision” that permits a court order to pierce the trust’s veil of secrecy. South Dakota doesn’t.

But New Hampshire has caught up to South Dakota and others in another way — unregulated family trust companies — and has exceeded them when it comes to civil law foundations.

Family trusts involve beneficiaries that are of the same family as the founder. Family trust companies administer family trusts.

“If I can’t get my brother to be the trust administrator, then I can go to a corporation to do it,” said Ardinger. “Why have all these complex regulations for that?”

Five of the 40 trust companies in New Hampshire are unregulated. Their assets are not part of the \$932.2 billion worth of assets counted in New Hampshire, since trust company assets and the very names of the companies themselves are confidential.

South Dakota already had unregulated family trusts, but they don’t have foundations. Foundations are similar to trusts, but are based on civil law as opposed to common law, and are usually found in Europe and Latin America, but not in the United States. Or at least that was the case until 2017, when the New Hampshire legislature passed the Foundation Act. (Wyoming has since copied the law, and it will take effect there next year, according to Perlow.) The idea is to attract wealthy individuals and families around the world who are already comfortable with such entities to set up shop here.

The original legislation would have housed the foundations at the Banking Department without giving it the power to examine them. Little said he wanted no part of that, so the

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oversight landed at the Secretary of State's office, registered like any other company but with no actual oversight.

Todd Mayo, a former general counsel of Perspecta, wrote the Foundation Act, and a Bow company he set up — Vanderwal Martens LLC — is now an officer for six of 15 foundations. Two years ago, Mayo became the senior wealth strategist at UBS out of New Jersey and changed registration over to Madeleine Blanz, sometimes known as Madeleine Blanz-Mayo, at the same address.

Calls to Mayo at UBS and emails to Vanderwal Martens LLC were not returned at deadline.

In five of the six cases, a director of the foundations is Aver Associates LLC, an independent "multifamily office" that started in Luxembourg in 1997, but whose head office is based in Malta. Aver also has an office on Wall Street in New York City, which is the listed address on the New Hampshire registration.

Aver Associates consists of two people, Koen Maria J. Lozie of Malta and Justyna Marta of Gdansk in Poland. Both names pop up occasionally in the ICIJ offshore leaks database.

Three other foundations all give the same address in Obarrio, Panama. One, the Patillal Foundation, uses a lawyer based in Bogotá, Colombia. Another, the Polaras International Foundation, has a director: Herschel Alonso, president of Coron Energy SA, a Panama company. Marzell Beck of Liechtenstein is the organizer and director of the Laramie Foundation. Beck, a lawyer, was listed as president of the state court there two years ago.

"Just because a company is in another country doesn't mean it's not capable of behaving responsibly," said Perlow. "New Hampshire has done whatever we have had to do to see that we don't have the kind of bad actors in South Dakota."

But Little isn't so sure. And both say they'd rather not see New Hampshire trusts or foundations featured in a future Pandora Papers-inspired investigation.

*Bob Sanders can be reached at [bsanders@nhbr.com](mailto:bsanders@nhbr.com).*

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## Julia Furukawa

As the host of All Things Considered, I work to hold those in power accountable and elevate the voices of Granite Staters who are changemakers in their community, and make New Hampshire the unique state it is. What questions do you have about the people who call New Hampshire home?

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## Peter Biello

Peter Biello is the host of All Things Considered and Writers on a New England Stage at New Hampshire Public Radio. He has served as a producer/announcer/host of Weekend Edition Saturday at Vermont Public Radio and as a reporter/host of Morning Edition at WHQR in Wilmington, North Carolina.

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