The Patterns of Elites Who Conceal Their Assets Offshore

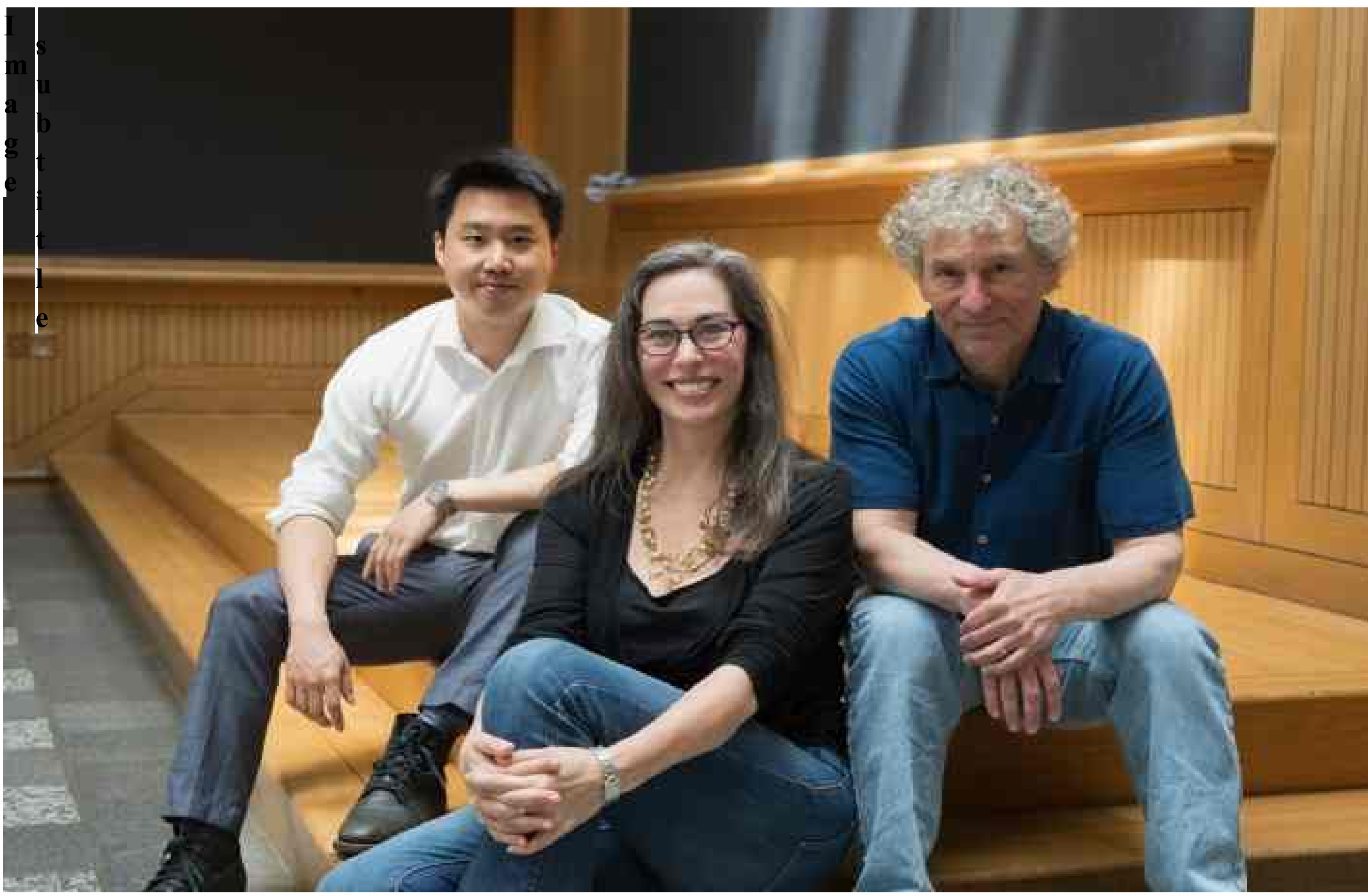
Billionaires, oligarchs, and other members of the uber rich, known as "elites," are notorious for use of offshore financial systems to conceal their assets and mask their identities. A new study from 65 countries revealed three distinct patterns of how they do this.

https://home.dartmouth.edu/news/2025/07/patterns-elites-who-conceal-their-...

News subtitle

Study finds where an oligarch comes from correlates with how they achieve offshore secrecy.

Image



From left, study co-authors Herbert Chang ’18, Brooke Harrington, and Daniel Rockmore. (Photo by Eli Burakian ’00)

MORE READING

Targeting Wealth Managers Would Cripple Russia’s Oligarchs

Billionaires, oligarchs, and other members of the uber rich, known as “elites,” are notorious for use of offshore financial systems to conceal their assets and mask their identities. Understanding the transnational offshore finance networks that they utilize has long been a challenge given the secrecy involved.

But a new Dartmouth study reveals there are distinct patterns associated with the offshore system, which are specific to where a wealthy person comes from. The quality of the governance in the home country of an elite is also tightly associated with the patterns. The findings are published in PLOS One.

The researchers examined elites’ offshore secrecy behavior in 65 countries using public data from the Offshore Leaks Database maintained by the International Consortium of Investigative Journalists—the most comprehensive database on offshore finance, which includes nearly 3,000 billionaires, heads of states, celebrities, and others—and the World Justice Project Rule of Law Index, which rates countries on their “rule of law” and is used by the World Bank and financial ratings agencies to benchmark data.

“By combining the two datasets using machine learning and social network analysis, we were able to identify the different types of offshore strategies that are used,” says lead author Herbert Chang ’18, an assistant professor of quantitative social science at Dartmouth.

The team calculated metrics such as to what extent elites from a country conceal their identity, the percentage of their assets that they place in offshore centers, such as the British Virgin Islands, and how much they diversify their assets, including across “blacklisted jurisdictions.” Blacklisted offshore centers operate outside the confines of the normal financial system and are known for not disclosing information about assets to foreign governments.

“One of the goals of the study was to conduct a quantitative analysis that was purely based on the network behavior of elites and their offshore behavior—no expert opinion, just raw records of human behavior,” says Chang.

The results revealed three distinct patterns. Elites who come from authoritarian countries, where political retribution is a risk, are likely to scatter their assets across multiple offshore centers, demonstrating a “confetti strategy.”

Yet, elites who come from countries where their assets are likely to be seized due either to a lack of civil rights or a government with effective regulations tend to use a “concealment strategy” to remain anonymous.

They will put their money in blacklisted jurisdictions. And to conduct such transactions, elites may rely on bearer shares, which do not list the owner’s name, and a nominee to represent their financial interests and protect their anonymity.

Quote

One of the goals of the study was to conduct a quantitative analysis that was purely based on the network behavior of elites and their offshore behavior.

Attribution

HERBERT CHANG ’18, AN ASSISTANT PROFESSOR OF QUANTITATIVE SOCIAL SCIENCE

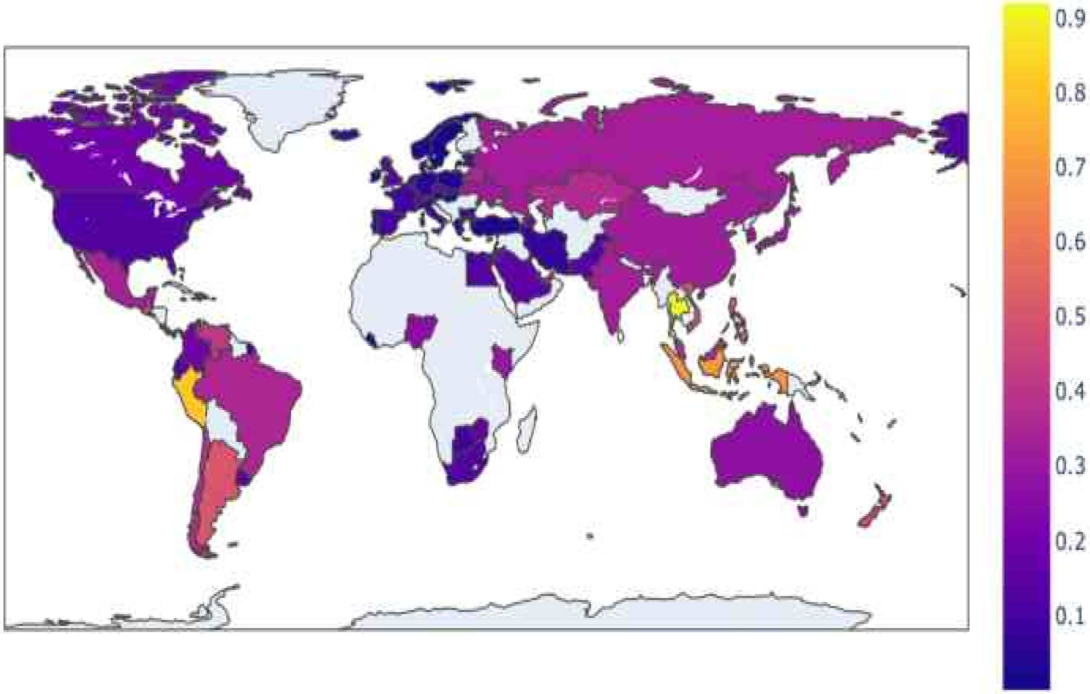
Lastly, elites who are concerned about confiscation and corruption are likely to use a “hybrid strategy,” diversifying and concealing their assets offshore.

“So normally, you would expect that someone who wasn’t a drug dealer or a flat-out criminal would avoid blacklisted jurisdictions like the plague, but that’s not what we find,” says co-author Brooke Harrington, a professor of sociology at Dartmouth and trained private wealth manager who is the author of *Offshore: Stealth Wealth and the New Colonialism*.

“We found these systematic patterns, where it’s not just wealthy people running from corrupt or authoritarian governments such as Thailand or Russia, respectively, but also people who come from super transparent, highly functional democracies such as Denmark and Austria, who will go to extreme lengths to hide their money in the offshore system, including by using methods that are costly and risky to themselves,” says Harrington.

Chang says, “There are also cases like Singapore where the government is free of corruption but low on civic participation, where blacklisted offshore financial centers may still be highly utilized by elites.”

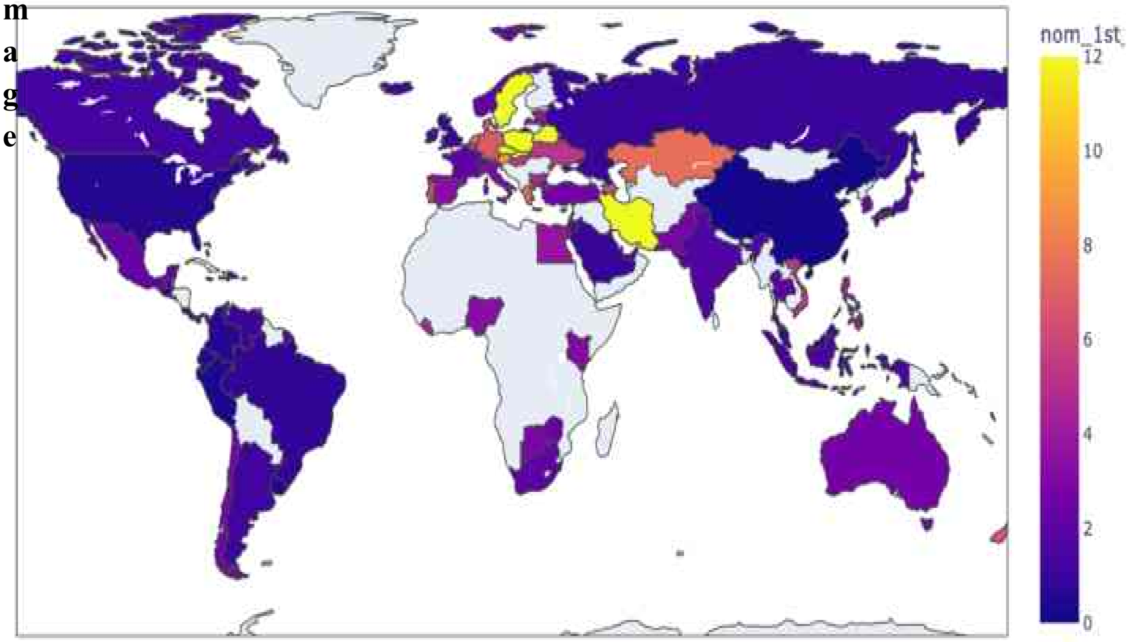
Image



The color corresponds to the average propensity of blacklisted offshore locations used by elites of that country. (Map by Herbert Chang ’18)

According to the data, 70% to 90% of offshore assets by elites of Peru, Thailand, Indonesia, and Malaysia are in blacklisted jurisdictions. In comparison, 30% of the offshore assets by elites of Mexico, Brazil, Russia, India, and China are tied up in blacklisted jurisdictions.

I
m
a
g
e



The color corresponds to the average number of nominees utilized by wealth managers who manage assets for the country’s elites. (Map by Herbert Chang ’18)

“Our overarching goal in this work is to better understand the patterns of ‘secrecy’ implicit in offshore investment,” says co-author Daniel Rockmore, professor of math and computer science. “We see this as just one dimension of an evolving shadow financial system that serves the elites, often at the expense of average taxpayers.”

Rockmore says, “We hope that our results will be useful to policymakers concerned about this kind of financial drainage.”

"Our findings demonstrate that the use of offshore financial centers are driven by not only bad governance but also good governance," says Chang.

The research builds on the team's earlier work reporting that sanctioning offshore wealth managers who protect the assets of oligarchs from Russia, China, the United States, and Hong Kong would be more effective than sanctioning individual oligarchs.

Amy Olson

SHARE THIS

Amy Olson can be reached at amy.d.olson@dartmouth.edu