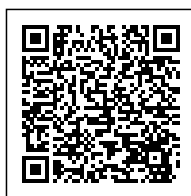


THE PANAMA PAPERS: HOW LAW FIRMS CAN PREPARE FOR THE FALLOUT

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Law firms around the world must prepare themselves for increased media scrutiny following the leaks from Panamanian law firm Mossack Fonseca – hoping the story will go away is not an option, says law firm public relations expert Matt Baldwin

Until this week, very few people will have heard of the Panamanian law firm Mossack Fonseca. Today, the firm is perhaps the world's most recognizable law firm, splashed across the international media, indelibly linked to the tax affairs of the world's elite.

As the story unfolds, the media are starting to name other law and advisory firms and their clients, and like it or not, those firms will

be tarred with the Mossack Fonseca brush. And with some 11 million documents leaked, one thing we can be sure of is that many other firms around the world will be named.

So what to do when the media calls? Or worse, if they start calling clients asking whether they approve of their legal advisers advocating morally questionable practices?

Consider the following steps:

- Don't bury your head in the sand. This story is not going to go away. Already one head of state, Iceland's Prime Minister Sigmundur Davíð Gunnlaugsson has stepped down, so do not assume that your firm is immune to the impact of this leak.
- Evaluate the risks. What clients and touch points does your firm have with Mossack Fonseca, and what is the reason for those engagements? There are many reasons to engage an off-shore firm and most of them will be entirely legitimate. But, as the media has reported, some of the individuals associated with the firm are less than savoury. Chart and review the nature of those relationships, focusing on any that might attract media interest – a head of state or known criminal. The nature of your firm's exposure will determine the response.
- Monitor the story. This is an evolving issue, with new angles being identified and explored on almost an hourly basis. Exposure may pop up at any moment and from an unexpected angle. Monitor key commentators on Twitter for breaking news.
- Agree a press strategy. Simply stating that "we have done nothing illegal" is not enough. If anything, it suggests that you knew only too well what you were doing and did not care about the consequences. Instead, consider an approach that focuses on the controls, checks and due diligence that your firm undertakes with all new clients and matters. Prepare a short press statement that can issued to press should they call.
- Prepare your staff. Journalists will not always make an approach via your press office, however efficient and prepared they may be. They will be pumping their sources for new angles and information. Ensure all your staff understand the firm's agreed line and that they stick to it.
- Consider your clients. Your clients will form their own opinions about your firm's activity and connections with Mossack Fonseca based on what they read and hear – and the press are unlikely to present your firm in the best light. You may wish to consider some form of client communication pre-empting any press.
- The long view. As this story eventually dissolves and the debate widens – turning perhaps again to the future role of tax havens – the tax affairs of the world's elite and global corporations will remain under ever increasingly scrutiny, and so too will their advisers. Firms will need to be clear on the clients and the type of work they want to be associated with. Increasingly, this is being viewed as 'which side of the fence are you on?'

What started with Mossack Fonseca in Panama is rippling around the world, and those firms with even the cleanest track records are likely to find themselves under the spotlight. So prepare now.

Matt Baldwin is a public relations expert and Associate at Redstone Consultants. He advises the leading law firms globally, primarily on raising their media profile within the New York and London legal markets. He can be contacted at Matt.Baldwin@RedstoneConsultants.com. Visit RedstoneConsultants.com