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IRS Scrutinizes Rabobank's Dealings With Newell

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The Internal Revenue Service is investigating allegations by a former Rabobank Group executive that the Dutch bank engaged in a \$450 million transaction with **Newell Rubbermaid Inc.** to help the Atlanta consumer-goods company avoid paying taxes.

Chicago-based IRS officials interviewed former Rabobank executive Joseph Insinga this week about the Newell transaction, said Mr. Insinga's lawyer, Andrew Carr of Bateman Gibson in Memphis, Tenn.

In a whistleblower claim filed with the government last year, Mr. Insinga alleges that the Newell deal and others like it were designed solely for tax-avoidance reasons and not for legitimate business purposes.

Rabobank was paid hefty fees for participating in those deals, he says.

As part of the IRS's whistleblower program, Mr. Insinga is seeking a share of any federal taxes recovered as a result of the statement he filed last year detailing the various tax-savings transactions.

The Wall Street Journal earlier this month reported¹ that Rabobank has played a major role in helping many U.S. companies save huge sums on their taxes. The bank has denied any wrongdoing and says it is cooperating with a broader tax-shelter investigation being conducted by the Justice Department.


The Newell deal, according to Mr. Insinga's claim and another person familiar with the transaction, worked as follows: Newell sold accounts receivable from big customers at a discount to a newly created, overseas company funded by Rabobank.

In the deal, which began in 2001, Newell took a tax deduction for the discount.

As long as Newell didn't control the overseas company, any cash left over after paying Rabobank wasn't taxed in the U.S. Newell says Rabobank controlled the entity.

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