

Tracing Offshore Accounts in Divorce: How to Uncover Hidden Assets

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Offshore accounts are appealing to those trying to hide money because they offer banking secrecy in certain jurisdictions, lax reporting requirements compared to domestic accounts, and complex structures involving shell companies, trusts, or cryptocurrency transactions. However, financial secrecy laws have weakened in recent years due to international regulations, making it harder for individuals to conceal offshore accounts completely.

Hiding money offshore often leaves clues. Be alert if your spouse suddenly becomes secretive about finances, transfers large sums to foreign entities, owns international businesses or trusts, reports significantly lower income than expected, and/or has foreign tax filings or receives mail from offshore banks. If any of these signs are present, it's time to take action.

Start with Financial Records

Carefully review all available documents, including:

- **Tax Returns:** Look at Schedule B (foreign accounts), Schedule D (capital gains from international investments), and FBAR (Foreign Bank Account Report) filings.
- **Bank & Credit Card Statements:** Identify unexplained wire transfers to foreign banks or unknown entities.
- **Loan Applications:** These often list all assets more honestly than tax returns.

Work with a Forensic Accountant

Forensic accountants specialize in uncovering hidden assets by analyzing financial patterns, tracing wire transfers, and identifying discrepancies that may indicate offshore holdings. They use advanced financial tracking methods to follow money trails.

Leverage Legal Discovery Tools

Your attorney can use various legal means to force disclosure of offshore accounts, including requiring your spouse to answer written questions under oath, demanding financial documents related to foreign assets, questioning your spouse under oath about offshore holdings, and/or issuing subpoenas to compel banks, accountants, and business partners to provide financial records.

Utilize International Regulations & Reporting Laws

Many offshore jurisdictions are now subject to financial disclosure agreements including:

- FATCA (Foreign Account Tax Compliance Act): Requires foreign banks to report U.S. account holders to the IRS.
- Common Reporting Standard (CRS): Facilitates global exchange of financial data between governments.
- Bank Treaties & International Agreements: The U.S. has information-sharing treaties with various countries that can help uncover hidden accounts.

Hire an International Asset Tracing Expert

If your spouse has business dealings or financial ties in a specific country, an international investigator with expertise in that jurisdiction's banking laws can be invaluable in identifying hidden assets.

Seek Court Orders & Legal Action

If your spouse refuses to disclose offshore accounts, your attorney may request contempt of court orders for non-compliance, injunctions to freeze assets before they are moved, and/or orders to compel disclosure of offshore financial records.

Don't Overlook Cryptocurrency & Digital Assets

Many individuals hide wealth in cryptocurrency wallets, offshore digital banks, or decentralized finance (DeFi) platforms. Forensic accountants can analyze blockchain transactions to uncover hidden crypto holdings.

Tracing offshore accounts in a divorce is complex, but not impossible. With the right combination of forensic accounting, legal tools, and international regulations, hidden assets can be uncovered. If you suspect offshore accounts in your divorce case, consult an experienced attorney and financial expert to ensure a fair and transparent division of assets.