



Global Consultants and Services Limited

10th Floor, Baskerville House, 13 Duddell Street, Central, Hong Kong
 Tel : +852 2526 2736 Fax : +852 2526 2757
 Email : intray@gcsl.info www.gcsl.info

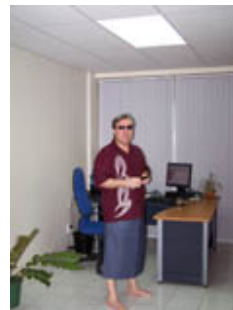
Professional, Confidential, Trustworthy and Friendly
 GCSL - We are here to CONSULT and Serve You!



JACK'S CORNER

Around the world in 20 days with a myriad of cool cultures and exciting people We landed in magnificent Milan and immediately chauffeured off to lovely Lugano where some of our friendly Austrian private bankers were visiting to discuss a new offshore solution for our North American colleagues. Unfortunately, our luggage remained enamored with the Parisian delights of the Charles de Gaulle Airport so we attended our dinner meeting in the Cathay Pacific provided Shanghai Tang pajamas. Our luggage arrived in time for our Intrust inspired chat with southern Switzerland's leading fiduciaries about China while my learned colleagues updated the audience regarding the dynamic economies of Brazil, India and Russia. This made for two terribly seductive seminars in Lugano and Milan. Marco's delightful dinner somewhere in the majestic hills overlooking Milan prepared us for the uneventful flight to Beijing where we attended the Inter-Pacific Bar Association (the "IPBA") meeting of nearly 1,000 of the world's leading lawyers. GCSL subsidized early registration for the IPBA Los Angeles 2008 meeting where GCSL will be a leading sponsor. A delightful dinner with our USA, India, Hong Kong and Singapore friends at the National People's Congress, a walk through Beijing's hutongs, after dinner dumplings and warm beer with the local proprietors of a Beijing eatery and a few drinks at many a trendy bar at Ho Hai was topped off with the cool tunes of a Cuban band in a local bar...well-done Adam, Scott and Tracy! Off we jetted to Samoa, via Auckland, where we lunched with the GCSL Samoa Gals and dined with the our gracious Government hosts. **Samoa rocks** (see story below)!!! The 2am flight from Samoa landed us safely, but with a throbbing headache, in Auckland where we met with our Kiwi mates, including lunch with one of our favorite accountants. No rest for the weary as we jetted to the Cook Islands, via Tonga, where GCSL Cook Islands lunched on the beach with the local regulators before hosting a cocktail with members of the Trust Companies Association. **Cook Islands' Trustees are Cool** (see story below) !!! Panama and the 250 delegates at The Sovereign Society conference were calling and we answered with presentations on Hong Kong, Singapore and some frank comments regarding what clients need to do to keep honest their trustees. Kudos to Erika, Shannon, Bob, Eric, Mark and all the good people at The Sovereign Society for another spectacular seminar. Thanks to Frankie, Brett, Ebrahim, Jaime, Pilar and the proprietors of La Posta, 1985, Trattoria de Las Americas, among others...we like Panama. Life doesn't suck when you get to make money and roll with so many cool cultures and exciting people 😊 Enough with my words...the photos below say it all!!!

Onwards and upwards...





GCSL GROUP ACCOUNTANT AIN'T BORING Defying the stereotypical boring accountant is Fanny Yuen, the new GCSL Group Accountant. Jack's scribbles on napkins will remain a primary management tool for him, but Fanny will handle the important numbers stuff for the Group. Drop Fanny an email without numbers at fanny@gcsli.info.

HOLIDAYS IN MAY

Hong Kong: 1st and 24th
 China: 1st, 2nd and 3rd
 Singapore: 1st and 31st
 Cook Islands: No luck
 Samoa: 14th
 Belize: 1st and 21st
 Anguilla: 28th and 30th

KOOL KELLI AND THE BIG BLACK BUS



Kelli is indeed kool and a friend of Jack and GCSL. We joined Kelli and her mates at a "jam session" in Los Angeles. Carlo and Carlyle belted out a few tunes while Jack enjoyed Kelli's powerful country rock voice. Visit <http://onthebigblackbus.com/> to know learn more about the lovely lungs of Kool Kelli!!!

AOA HO CHI MINH CITY - OCTOBER 31 TO NOVEMBER 2, 2007

The Asia Offshore Association will next meet in Ho Chi Minh City from October 31 to November 2, 2007. Come visit the up and coming Ho Chi Minh City where the local stock market is achieving new highs, the local economy is booming, the number of motor scooters eclipses people and the beef noodle still harkens back to a simpler time. It should come as no surprise that Jack is planning a Halloween Party on the 31st...it also should come as no surprise that Jack is not telling anyone exactly what he has planned 😊. Confirmed speakers hail from the USA and Europe and the AOA is especially pleased to welcome Mr. Marshall Langer as a speaker. We will be supporting the Christina Noble Children's Foundation (www.cncf.org/) during the conference. Please join us for what will no doubt be an exciting follow-on from the Singapore event in March!!!

SAMOA ROCKS

April has been a good month for Samoa as a rugby-mad nation, winning the Hong Kong 7's with a gutsy performance. As the Samoa delegation to Hong Kong (Registrar, Ms. Erna Vaai, the Minister of Finance, the Hon. Niko Lee Hang, the Attorney General, Ming Leung Wai and the Governor of Central Bank Samoa, Leasi Tommy Scanlan) were celebrating with the team, our very own office representative Ms. Kuini Moberg was vocally present with the local crowd at Paddles nightclub on the waterfronts of Apia.

In late April, our very own Jack Flader made his visit to Samoa to meet the staff of GCSL (Samoa) for the first time, together with the gracious Marina Shadikhan accompanied by GCSL Samoa Managing Director, Puai Wichman. As brief as it was, their visit was a busy one with scheduled visits to the Registrar's Office and to the Embassy of the People's Republic of China. The meeting with the incomparable Ms. Erna Vaai was a very fruitful meeting as Jack and Erna were able to sit back and recount the successes of their AOA encounter in Singapore, a visit to the GCSL Offices in Hong Kong and in Shanghai. Later, a drop-by visit to the China Embassy with Mme. Zhou allowed us to gauge some of the hurdles faced by Registered Agents in Apia with regards to the authentication process. We are optimistic that in time, some of the issues could be ironed out and allow for the authentication process to proceed as smoothly and timely as it should.

The visit ended with a wonderful and delightful dinner at Koko Bananas, hosted by the Governor of Central Bank, Mr. Leasi Tommy Scanlan and his wife Joyce. It was an entertaining evening, joined by Erna Vaai, a member of the Board for Samoa International Finance Authority, the Attorney General and his wife. Jack attended the function dressed "a la Samoa" mode, donning an "ie faikaga" (a wrap-skirt literally) and barefoot! By his side, the elegant Marina looked stunning in her "puletasi". Because our GCSL delegation had to make way to the airport early in the evening, there was just enough time for everyone to be treated to the Kuin(ie) royal-wave but not after her and Jack had everyone in fits of laughter with their bantering! Malo Jack.

COOK ISLANDS TRUSTEES ARE COOL

Puai, quite rightly, thought an evening at the aptly named watering hole Jack's with the Trust Companies Association of the Cook Islands (the "TCA") would be an appropriate way to introduce Jack to Puai's home. Representatives of almost all of the TCA members as well as representatives from the Cook Islands' Financial Services Commission demonstrated an unique ability to consume an enormous volume of wine, beer and spirits along with a bit of fresh seafood from 6pm until, well, rumor has it nearly 11pm. It has been

suggested that the acronym TCA may stand for something else, i.e. Trustees Consuming Alcohol. However, we are confident this egregious display of wanton behavior was a one-off in celebration of some obviously important holiday somewhere in the world. After all, Cook Islands Trustees are cool!!!! Thanks for joining us Brent, Lorraine, Turama, Antony, Nari and all the other good folk who tempted fates at Jack's!!!

AOA WWW SITE

The Asia Offshore Association is back online with a new look, new functionality, new Executive Committee and a new Global Advisory Board. The new Members Only section will be sure to please as it will include articles, country updates and more for our loyal members. Please visit www.asiaoffshore.org for a browse!!! And smile as you no doubt conclude that "Jack's secret weapon" (aka Marina) is the true brains and heart behind the AOA and its new WWW site!!!



UK UPDATE

UK OFFSHORE BANKING TAX AMNESTY TERMS

As reported in the GCSL February 2007 newsletter <http://www.gcsl.info/newsletter/200702/index.htm>, the UK government was set to announce a tax amnesty scheme for those who have not declared interest earned on money held in offshore bank accounts.

Details of this termed, "Offshore Disclosure Facility" are now available.

This facility is open to those who hold or have held, either directly or indirectly, an offshore account that is in any way connected to a loss of UK tax and/or duties. Offshore means anywhere outside the United Kingdom of Great Britain and Northern Ireland. Therefore, offshore accounts include any held in the Channel Islands, the Isle of Man and the Republic of Ireland.

If you are domiciled outside of the UK, then you may legitimately be able to keep funds offshore without disclosing these funds or paying tax on interest earned.

If you are UK domicile, then you have until **22 June 2007** to notify the HMRC (Her Majesty Revenue & Customs) of your intention to disclose. Key points are:

- Notify HMRC of the intention to make a disclosure by 22 June 2007.
- A fixed penalty of 10% of the tax/duties you have underpaid.
- No penalty on disclosures of untaxed amounts totaling less than £2,500.
- Disclose with full payment of tax, duties, interest and penalties before 26 November 2007.
- A final decision from HMRC on whether or not your disclosure has been accepted as soon as possible and by 30 April 2008.

After 22 June 2007, when the notification period ends, the HMRC will target holders of offshore bank accounts who do not disclose by:

- comparing the information already in HMRC's possession with UK tax histories.
- making enquiries or investigations where there is a mismatch. Where additional tax is due we will seek higher penalties than the 10 per cent available under this facility. The penalties they seek could be up to 100 per cent and are unlikely to be less than 30 per cent of the tax due.
- continuing to use their powers to obtain detailed information about other offshore accounts, held by UK residents.
- considering, in exceptional circumstances that meet the criteria within HMRC published Criminal Investigation Policy, to undertake a criminal investigation.

GCSL suggests that any clients who are unsure of their obligations to contact their legal or accounting professional advisors immediately for assistance in this process. Alternatively, drop me a line at GCSL and I will assist in connecting you with a selection of advisors who will help you comply with the Amnesty terms.

*Contributed by Cathy Odgers, Group Legal Counsel, GCSL Hong Kong.
Cathy's email address is cathy@gcsl.info.*



HONG KONG UPDATE

NEARLY US\$20 BILLION IN TAX REVENUE

The Hong Kong government collected a record HK\$155 billion (approximately US\$19.9 billion) in tax revenue during the 2006-07 fiscal year representing an increase of 7% from the prior fiscal year. Stamp duty, primarily on stock transactions, was up 40% at HK\$25 billion (approximately US\$3.2 billion).

*Contributed by Tony Chan, General Manager - Fiduciary Services, GCSL Hong Kong.
Tony's email address is tony@gcsl.info*

The controversial will of Nina Wang

In April, Nina Wang, chairwoman of ChinaChem Group and Asia's wealthiest woman passed away leaving behind no direct heirs to a US\$4.4 billion fortune. Hong Kong obituaries were flowing reminiscing on her eccentricities such as dressing in girly Chinese attire and mini-skirts with pigtails – giving her the nickname “little sweetie” . Nina was also renowned for her thriftiness– preferring fast food to expensive dinners and public transport to chauffeured cars. She was rumored to have budgeted her spending at HK\$100 (approximately US\$13) per day.

Nina was at the center of Asia's largest contested will in the 90s. Her husband Teddy, who made his fortune in Hong Kong property, was kidnapped in 1990 and vanished during a botched ransom drop. This set in motion a 15 year bitter court-contested family feud between Teddy's father and Nina with a dubious hand written will. The court of final appeal ruled in favor of Nina in 2005 giving her control of the entire ChinaChem Group.

Two years later, the passing away of Nina has resulted in the same estate coming into contention again. Two separate wills have emerged, one which passes her estate a charitable foundation and a second will indicating that Nina, in her terminal stages of illness, made her personal fortune teller the sole beneficiary to her estate. Another long drawn out legal battle looms. The controversial will of Nina Wang in life and in death will always be a disputed one.

*.Contributed by Tony Chan, General Manager - Fiduciary Services, GCSL Hong Kong.
Tony's email address is tony@gcsl.info*



MACAU UPDATE

BOOMING ECONOMY, NO MORE PROPERTY

With an estimated US\$30 billion in foreign investment rushing to develop bigger and more exciting casinos, investors are starting to take seriously the Macau property market. The Manhattan, a high-rise twin towers within a dice throw of the glitzy casino district, is Macau's only luxury development. The expected 70,000 new jobs, tiny size of Macau (approximately 10 square miles) and unlikelihood that people will be allowed to commute from neighboring Zhuhai on the mainland will almost certainly result in upward pressure on prices for housing.

*Contributed by Tony Chan, General Manager - Fiduciary Services, GCSL Hong Kong.
Tony's email address is tony@gcsl.info*



CHINA UPDATE

FOUR MINISTERS APPOINTED

On April 27, China approved the cabinet nominations of Yang Jiechi, former ambassador to the United States, as the country's new foreign minister, Wan Gang, president of Shanghai's Tongji University, as minister of science and technology, Xu Shaoshi as minister of land and resources, and Chen Lei as minister of water resources.

YUAN SETS NEW RECORD AGAINST US\$

China's currency (RMB) achieved a new high against the US\$ on April 27 at RMB7.7139 to US\$1. This is the sixth time in April and the 25th time since the beginning of the year, that the RMB has set a new record.

PLATFORM TO REGISTER TRUST INVESTMENT PRODUCTS

China's first registration platform for trust investment products has been formed in Shanghai's Pudong New Area as part of efforts to improve monitoring of the financial sector. Investors now can obtain information on more than 250 trust investment products managed by 21 mainland companies on the website of the Shanghai Trust Registration Center.

FOREIGN BANKS KICK OFF RMB SERVICE

Four foreign banks, including HSBC, Standard Chartered Bank, Citigroup, and Bank of East of Asia, have been approved to set up retail RMB services in China. As the new comers of retail RMB banking, there is no doubt they will try to highlight other services such as wealth management services and investment products.

BULLET TRAIN

Trains in China are running faster than ever. On April 18, China's Ministry of Railways completed the last test operation prior to the upcoming acceleration, which is the sixth nationwide train speed acceleration plan. This provides train traveling on the artery railways up to a speed of 200 km/h with some sections as fast as 250 km/h. Bullet trains will become popular in inter-city transportation.

NUMBER OF FOREIGN INVESTMENT REGISTRATIONS DECREASES

According to China national statistic records, the rate of growth of foreign entities registration decreased in 2006. However, the registered capital increased. By end of 2006, there were 275,000 new foreign investment registrations with 83.6% in Guangdong province (62,000), Jinagsu province (36,000), Shanghai (32,000), Zhejiang province (21,000), Shandong province (20,900), Fujing province (19,000), Liaoning province (16,000), Beijing (12,000) and Tianjin (11,000). The total foreign investment reached US\$1,707.56 billion in 2006, which is an increase of 16.6% from 2005. From jurisdiction point of view, Hong Kong is the leading foreign investor in China with 100,200 entities and US \$372.77 billion registered investments. BVI is number two. Samoa has 2,228 entities, Cayman Island has 1,591 entities and Mauritius has 1,532 entities.

*Contributed by Johnson Chien, General Manager – Fiduciary Services, GCSL Shanghai
Johnson's email address is johnson@gcsli.info*

**SINGAPORE UPDATE****LUXURY AND SPEED IN SINGAPORE**

Bentley, Rolls Royce, Porsche, Ferrari, Lamborghini...ah, cars that would make every full blooded male (and often times female) get tangential and begin tongue wagging on the bhps and the zero to hundred times. And they must be wagging non-stop in Singapore.

Judging by statistics for year ending 2006, Singapore holds the distinction of topping the whole of Asean for the number of such marques bought, considering that she is the smallest in terms of population and land mass.

From the exotic to the stately, from the super fast to the super luxurious, the top brands were over-represented in sales statistics. There were 117,000 cars registered in Singapore in 2006, while Indonesia, Malaysia and Thailand clocked 300,000, 400,000 and 180,000 respectively.

In the year under review, 8 units of the Rolls Royce Phantom, priced at US\$ 1 million each, were delivered to well heeled in Singapore. Thailand, Malaysia and Indonesia were at than 5 units combined. For Bentleys, Singaporeans bought 36 – another bumper record for this English car maker. Malaysia accounted for about 17, Thailand, 10, and Indonesia, about 12.

In the fast lane, 29 units of Lamborghini were sold in Singapore, as compared to 15 units in Thailand and 10 in Malaysia. The Lamborghini Gallardo Spyder (US\$600,000) and limited edition Murcielago LP640 (US\$800,000) sold very well in 2006 to Singapore customers who were “fairly young, from 25 to 55..”.

Then comes Porsche, the German classic. In 2006, Singapore bought 170 units of Porsche cars, compared with Malaysia's 100 and Thailand's 80.

Ferrari clocked 30 units in 2006 as well, which is also the highest against Singapore's neighbors.

On a more affordable note, Mercedes and BMW also achieved outstanding sales in the tiny red dot. It is understood that BMW's figures stand at 3,700 cars while Mercedes' numbers hover at about 3,100 units. Again, these stand tallest in Asean.

Not bad, for the little island republic with high vehicle taxes and maintenance costs. Unlike some less enlightened quarters in GCSL who maintain that cars are just “taxis that take you from place to place”, these works of art have come a long way. The question that remains is with 690 sq km, where do all these cars go?

*Contributed by Lawrence Fong, Managing Director, GCSL Singapore
Lawrence's email address is lawrence@gcsli.info*

**OFFSHORE UPDATE**

ANGUILLA: The Financial Services Commission – The vanguard of regulation

By now many of you know that for 7 years I was the second most senior regulator in Anguilla serving as Deputy Director, first of the Financial Services Department of the Government of Anguilla and then in the same capacity with the Financial Services Commission (the "Commission"). In this month's newsletter, I wish to provide an overview of the Commission, its statutory obligations and to make mention of its senior regulatory staff, many with whom I worked during my tenure and now with whom we here at GCSL Anguilla work, if not on a daily, certainly a weekly, basis.

The Commission was established by the enactment of the Financial Services Commission Act (the "Act") on 26 November 2003 and it commenced operations on 2 February 2004. The creation of the Commission allowed Anguilla to meet international standards in the structure and administration of its financial services regulatory body as was recommended and encouraged by the UK government and international standard setting bodies.

The Commission's functions, as specified in the Act and published by it, are to:

- supervise financial services licensees in accordance with legislation, regulations and codes;
- consider and determine applications for licences and registrations;
- monitor compliance by regulated persons with the Anti-Money Laundering Regulations, Guidelines or Codes;
- monitor financial services business carried on in or from within Anguilla and to take action against persons carrying on unlicensed activities;
- administer the financial services enactments;
- supervise the administration of the Registry Acts by the Registrar of Companies;
- monitor the effectiveness of the financial services enactments to ensure they meet internationally accepted standards;
- advise the Governor and the Government of Anguilla on matters relating to financial services;
- encourage the development of high professional standards within the financial services industry, and to promote industry codes of conduct;
- maintain contact with foreign regulatory authorities and international associations of regulatory authorities relevant to the Commission's functions and to provide regulatory assistance to foreign regulatory authorities in accordance with the Act;
- provide information and advice to licensees and the public concerning financial services as appropriate; and
- to take measures to develop and protect the financial services industry in Anguilla.

The Act also covers a number of administrative obligations and powers of the Commission in the following areas:

- appointment of a Board and the Board's role of oversight of the Commission;
- general powers of the Commission;
- funds and resources of the Commission;
- requirements for budgets, accounts and annual report; the annual report is a public document;
- power of the Commission to gather regulatory information;
- power of the Commission to disclose information to another regulatory body for regulatory purposes and the checks and restrictions that the Commission will be required to take into account before disclosing such information;
- enforcement powers and disciplinary action available to the Commission arising from failure by licensed institutions to do certain acts required by the legislation or from misconduct;
- formation of an Appeals Board; and
- conflicts of interest issues.

The Commission is headed by a four member Board of Directors chaired by Mr. Dennis Cross, a UK based former partner of KPMG. However, the daily duties of the Commission are executed by a four member team of regulators which includes the following persons:

- Mr. Niguel Streete, as Director, serves as the Commission's CEO and manages its daily activities including executing its work-plan. Mr. Streete came to the Commission in replacement of its first Director, John Lawrence, with whom I worked, and who retired, in mid February 2007. Mr. Streete has an extensive background in banking with the Eastern Caribbean Central Bank, Anguilla's Central Bank which it shares with 7 other Eastern Caribbean jurisdictions, where he served as Director of Bank Supervision and as a Policy Adviser to the Bank's Governor. Mr. Streete holds a BSc degree in Accounting (Honours) from the University of the West Indies in Barbados and a Masters of Science degree in International Economics, Banking and Finance (Distinction) from the University of Wales, Cardiff Business School.
- Mr. Derek St. Rose replaced me as Deputy Director on the 1 September 2006 and brings to the Commission extensive experience in insurance which he gleaned from his 12 years of working in regulation in his native St. Lucia. Mr. St. Rose holds a BSc degree in Management Studies (Honours) from the University of the West Indies in Jamaica and an MBA (Finance) degree from Charles Sturt University, Australia. He also holds a Postgraduate Diploma in Management and Ecommerce from the London School of Commerce. Mr. St. Rose's prime duties at the Commission are to handle applications pertaining to insurance, trusts, company managers (registered agents), funds and fund managers/administrators.
- Ms. Ismania Richardson joined the Commission in March 2004 shortly after it began operations having worked for several years in the Customs Department of the Government of Anguilla. Ms. Richardson assists Mr. St. Rose in the areas of trusts and company managers (registered agents). She holds a BSc degree in Criminal Justice/Economic Crime Investigation with a concentration in computer security from Utica College of Syracuse University and thus she is ably qualified to enforce Anguilla's Anti-money

Laundering Regulations.

- Mr. Lavie Hobson who joined the Commission in mid 2005. Mr. Hobson works solely in the area of insurance regulation, especially captives, and he holds a BA degree in Accounting with a minor in computer science from Texas Southern University.

The Commission, from its inception, has always adopted a flexible and business friendly approach to regulation which distinguishes Anguilla from many other jurisdictions. It is common for service providers to be able to simply pick-up the phone and call any of the regulators to discuss pertinent matters or to drop in without notice on urgent matters and be readily received by the Commission staff. In addition, the Commission is keen to provide as much support to service providers as possible and this is reflected most evidently in its speedy and effective processing of licence applications as well as the daily interaction it has with service providers. However, this does not imply or convey the impression that the Commission is any less stringent in ensuring that regulatory standards are met but rather that in a small and growing jurisdiction, the Commission, as well as local government, realises that each needs each other and that if Anguilla is to grow, as I, the Commission, and we here at the GCSL Group of Companies intend for it to happen, all stakeholders need to work together. This approach is also used when it comes to proposing and implementing new legislation. Both the Commission and local government readily accept industry input and all legislation is drafted by or with the input of the Anguilla Financial Services Association/Commission Legislation Committee.

Overall, the Commission is a professional organization with clear goals, strong leadership and a good bet to further develop the industry. I was proud to be a member of the Commission's team and even more proud to be able to work with them as we grow Anguilla into a well-regulated and sound financial services jurisdiction.

*Contributed by Carlyle Rogers, Managing Director, GCSL Anguilla
Carlyle's email address is carlyle@gcsl.info*

SAMOA - REGISTRATION PERIOD DEMYSTIFIED

There has, for some time, been confusion over the registration period (and therefore the associated registration fee payable to government) applicable in Samoa. We have heard many different versions on the same formula and feel obliged to set some clarity in place over this persistent and yet non-complex issue. Mind you there is a hint that some of the confusion has been encouraged by some.

Never mind let's set the record straight. The golden rule is actually very simple – you only need to renew registration of an International Company the calendar year after initial incorporation. Take a deep breath and keep repeating that to yourself a few times and the logic will soon sink in.

Forget about what period of the year it is incorporated, all you need to remember is that if you incorporated your company in 2007, then you are only obliged to renew the registration of the company prior to 30 November 2008. That's the easy part.

Now let's talk about the fees payable. We think a lot of the confusion has arisen as different registered agents have different formulas for charging their clients, and hence why there is a continuing debate about what fees should and ought to be paid.

The initial government fee of US\$300 takes its registration to 30 November in the following year. Therefore, the period covered depends on when a company is incorporated. Here are some examples:

1. An International Company incorporated on 1 January 2007 will be current with government fees until 30 November 2008, i.e. a period of government registration of 23 months.
2. An International Company incorporated on 1 June 2007 will be current with government fees until 30 November 2008, i.e. a period of government registration of 18 months.
3. An International Company incorporated on 1 December 2007 will be current with government fees until 30 November 2008, i.e. a period of registration of 11 months.

Hence an International Company gets to remain on the books longer if incorporated earlier in the year. The longest registration period is 23 months from January to November of the next calendar year.

GCSL's registered agent and registered office fee will run for the same period as the government fee.

*Contributed by Laura Fepuleai, Manager, GCSL Samoa
Laura's email address is laura@gcsl.info*

BELIZE: NEW TRUST AND SERVICES PROVIDERS LAW

During the course of month of April, all offshore practitioners in Belize received a wonderful piece of legislation, the TRUST AND SERVICES PROVIDERS Statutory Instrument, which came into force on April 16, 2007. Some would say more of the same, because this legislation is geared towards greater accountability and integrity. Others would say that it is about time, because in this day and age, the focus is on the ability of government and regulatory authorities to ensure that persons involved in this industry are of the highest quality in the two aforementioned categories.

Now this piece of legislation does not seek to obviate the need for compliance with the International Financial Services Commission's Practitioners' (Code of Conduct) Regulations, 2001. In fact, Section 13 of this new Statutory Instrument makes it clear that breach of the new Code also constitutes a breach of the Practitioners' Code of Conduct. This new legislation points back to the said Code, and subjects the malfasant to the same repercussions as the older Code dictates.

As such, let us review the new Code of Conduct:

Each "Service Provider" (being someone "...who carries on a business that involved the provision of company administration services or Trustee or fiduciary services...") must ensure that the persons holding key positions in the establishment are persons of integrity and have no "relevant adverse business, professional or personal history", and thus must consider the following factors:

- a. Professional or administrative reprimand;
- b. Regulatory directions/public statements;
- c. Disciplinary findings;
- d. Civil fines;
- e. Criminal convictions;
- f. Declaration of bankruptcy;
- g. Adverse personal credit rating.

If the individual/employee has been involved in a company subject to any of the above considerations, then that situation is also looked at. Also considered are the professional qualifications and knowledge and experience "relevant to the business."

Of course, this Code would not be of great significance if it did not look at the issue of compliance with national regulations with respect to money laundering and financing of terrorism. The Service Provider must be able to demonstrate compliance with all such regulations, as well as compliance with financial regulatory standards and local statutory requirements. Also necessary is adherence to recognised standards in respect of directors/trustees' responsibilities.

We turn our attention to one of the most important reasons for this Code, I believe. The National Assembly felt it prudent to not reinvent the wheel, and therefore adopted the Due Diligence Paper issued in Octobe 2001 by the Basel Committee, to the extent that the Paper's recommendations are relevant to non-banks. Therefore, proper procedures need to be had in relation to the following considerations:

- a. Customer identification;
- b. Verification of identity of customer;
- c. Risk profiling of customers (taking into consideration who might be a politically exposed person, for example);
- d. Establishing the source of wealth;
- e. Establishing the source of funds;
- f. Ongoing monitoring of a customer's activities;
- g. Adequate documentation to meet KYC requirements.

These are all matters that must be looked at, and most persons are aware of the great concern governments legitimately show in relation to persons allowed to benefit from their legislation. One can never be too flippant when dealing with the issue of due diligence, at least, not in these days. It is so important that we safeguard this industry for the very people it was intended to profit, those who simply wish to keep the taxman's and greedy creditors' grubby hands off their money. We as Service Providers can never be too careful about such matters.

Although it is said that self praise is no recommendation, I cannot but contemplate whether or not some regard had been made to our office here in Belize. We at GCSL Belize already have such policies in place, and adhere to such policies, regulations and laws as are necessary for good governance. This does not in anyway shape or form negatively impact on our ability to maintain the confidentiality that our clients wish to enjoy, but helps to preserve the happy medium between the government's need for security and the need to make the client happy.

There is more to follow, so be advised that we will enjoy our time discussing this matter more.

*Contributed by Carlo Mason, Managing Director, GCSL Belize
Carlo's email address is carlo@gcsl.info*

COOK ISLANDS: A TINY JURISDICTION THAT FIGHTS ABOVE ITS WEIGHT

We continue our discussions on Cook Islands case law this month to demonstrate why many practitioners still consider it the jurisdiction of choice to settle asset protection trusts.

The Cook Islands is a stable democracy, independent since 1964. It is true that it was a pioneer in the area of asset protection trusts, but without a doubt its greatest strength is not so much its legislation but rather the judiciary whose responsibility it is to adjudicate the law. The Cook Islands has had, and continues to have today, a judiciary which stands out amongst the so called "offshore jurisdictions", particularly those jurisdictions whose legal systems are based on English common law. The Cook Islands have been most fortunate to have had a long line of highly regarded judges appointed from the New Zealand Bench, some of them heavyweights in their own right in the world of jurisprudence. Certainly it is true to say that the Cook Islands, in the middle of the South Pacific, continues to "fight above its weight", a comment often used to describe the impact this tiny nation has made on the regional and international stage.

In the asset protection world, there is very little to dispute the definitive interpretations given by the Cook Islands courts to date. It would be true to say that case law in the Cook Islands has defined the jurisdiction. Such case law allows for the rule of law to take precedence in a world which requires clarity and certainty. Where matters have come before the Cook Islands courts, the judgements that have been delivered are a testament to how a tiny nation can certainly mix it with the proverbial bigger boys.

Agencies from the United States have certainly had this experience in their attempts to attack trusts in the Cook Islands. A case on point and continuing with our discussions on prevailing case law, it is now settled law that certain types of creditors are specifically excluded as a matter of "public policy". This specific exclusion came before the High Court of the Cook Islands in December 2001, (United States of America on behalf of its agency the Federal Trade Commission vs. "A" Limited), when it was argued, that the courts have no jurisdiction to entertain an action:

- (i) for the enforcement either directly or indirectly of a penal revenue or other public law of a foreign state, or
- (ii) founded upon an act of state.

That case highlighted the common law Rule as set out by Lord Denning in the Ortiz case (1982) 3 All ER 432 at 457:

"Applied to our present problem a class of laws which will be enforced are those laws which are exercised by the sovereign government of its sovereign authority over problems in this territory and over its subjects where ever they may be. But other laws will not be enforced. By international law every sovereign state has no sovereignty beyond its own frontier. The Courts of other countries will not allow it to go beyond the bounds. They will not enforce any of its laws which purport to exercise sovereignty beyond the limits of its authority."

The High Court of the Cook Islands ruled that the principle, which had been followed in England, Australia and New Zealand, also applied in the Cook Islands. It further found that the action being taken by the Federal Trade Commission was to enforce regulatory rights and powers which were, at least in part, penal provisions and so came within the Rule. The proceedings filed by the Federal Trade Commission in an endeavour to have a trust's funds repatriated to the United States were accordingly struck out.

Thus, a Cook Islands trustee was able to repel the full might of the Federal Trade Commission, by relying on well established principles of common law. This was yet another case where the High Court entrenched the integrity of Cook Islands law. This case illuminates the strength of the laws of the Cook Islands, as well as those whose role it is to adjudicate upon its laws.

*Contributed by Puai Wichman, Managing Director, GCSL Cook Islands
Puai's email address is puai@gcsl.info*

This article was written in consultation with John McFadzien, Barrister and Solicitor in the Cook Islands.



TIDBITS

The things that make us smile, frown and generally make life interesting...

OUR MONTHLY QUOTE THAT MADE US SMILE

"You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage payer. You cannot further the brotherhood of man by encouraging class hatred. You cannot keep out of trouble by spending more than you earn. You cannot build character and courage by taking away man's initiative and independence. You cannot help men permanently by doing what they could and should do for themselves." -- **Abraham Lincoln...boy oh boy, the USA sure could use someone like Honest Abe nowadays!!!**

A REAL JERK OF A JUDGE!!!

We recently read about a judge in the USA who is actively pursuing a two year long lawsuit against a dry cleaner for **US\$65 million** for losing his pants. Yes, you read correctly, this jerk has claimed US\$1,000 for the pants, US\$15,000 to rent a car every weekend for ten years to visit another dry cleaner and the balance of the **US\$65 million (worthy of repetition)** represents his reading of his state's consumer protection laws that imposes fines of US\$1,500 per violation, per day against each defendant. He has dreamed up 12 violations against three defendants (mom, dad and son) multiplied by 1,200 days. The good part of the story is many a tort reform lawyer in the USA is jumping on a bandwagon to demand that the state not renew this real jerk of a judge's appointment to the bench.

US\$50 FOR A BRAZILIAN WIFE...WE THINKIST A DIVORCE IS IN THE MAKIN'

We read with shock and horror about a man who placed his better 1/2 up on an Internet auction site with a starting offer of US\$50. The ad, which was placed on a Brazilian site partly owned by eBay, was ordered removed by the Secretariat of Public Policies for Women because it violated a law banning the offer or sale of "human organs, people, blood, bones or skin." Hubbie said he needed the money and described his wife's physical attributes, said she was a good homemaker and companion and at 35 was "worth her weight in gold." Oh my, given the current price of gold, she must be quite the waif...we thinkist a divorce is in the makin'...or at least we hope so!!!

CHINESE OR YANKS?

We read with no surprise that China's credit card industry suffered a loss of US\$232 million in 2006 due to consumers' unwillingness to rollover debt. Once again, not surprisingly, this number is expected to increase dramatically in coming years. Not just a peculiarly USA phenomenon. Earn US\$100, spend US\$125+...earn RMB100, spend RMB125+. Same wine, different bottle!!!

HONG KONG IS SEXY...NOW IT IS OFFICIAL!

We were pleased to read that a Hong Kong judge recently ruled in favor of a person whose application for a license plate with a vague sexual enhancer was denied by the Commissioner of Transport. The sexy Hong Kong driver was seeking to have his license plate read Zestra, which is a very popular brand name of a feminine arousal oil...something we only recently learned. The Commissioner thought Hong Kong people, who are "conservative about sex, in particular sexual intercourse", would be offended. Yeah, right...if Hong Kong is so conservative, why is the distributor of the sexy oil doing so well? We always knew Hong Kong was a sexy place...now it is official!!!

DUH, EVERY COLLEGE FRAT BOY KNOWS THAT!

We recently read about a study conducted by some Russian geniuses who concluded that alcohol damages women's brains faster than men's. Pure genius!!! I seem to recall from my college experience that the frat boys largely depended upon that well-known secret...after all, how else could those butt-kissing boys with no skills get dates!?

TAIWAN BOXING MATCH

We had the opportunity to see one of Taiwan's frequent and most entertaining boxing matches the other day. Mostly light weights, a handful of women, no gloves, but shoes and lunch boxes. We love Taiwanese politics...THE only real boxing the world has seen in years!!!

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