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Home


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**JACK'S CORNER**
**MOMENTS**

It seems to me that life can be summed up by Moments. Some great, some good, some bad and some awful. However, all these Moments make up who we are, who we want to be and who we hope never to become. As you know, I always like to focus on the great, good and who we want to be. August offered some of those Moments!

**DRINKS, DINNER & WAILING WITH DJ:** I have a good friend and colleague known as DJ. He is ethnic Chinese and is DJ because he lives in a city starting with a "D" and his English name is Jack. Yep, you guessed it...I am HKJ, ie Hong Kong Jack. An evening with DJ always gets better when Ah Bin brings a few good bottles for dinner! My Mandarin, alas, continues to seek the lofty description of bad. Thanks, Johnson for saving me. DJ's English is slightly better. So what!? We both love to do business, we both love to eat a bit of good food and we both love to laugh, drink a bit of good wine and have a goofy time Karaokeing together three or four times each year. Good people is DJ. Great moment each time we get together...xie, xie!

**LISA & SIMON:** Lisa, ah to know this lovely, intelligent, engaging and dynamic woman, one would need a lifetime. Well, I am tickled pink that Simon came into her life and, after being something of a dawdler who needed a jolly good kick in the bum, decided to spend his lifetime knowing Lisa. If I was either of their fathers, I would be giddy as a teenage gal with that decision. I was equally delighted that Marina and I had the opportunity to spend three days in the Napa Valley with Simon & Lisa for their wedding. Two great people, their friends and family (Simon's Mama, Papa, Brother and Sister and Lisa's Sister and Auntie are mega-cool) and a weekend of engaging in my favorite sport with some pleasing bottles of The Noble Grape...Great Moment...better yet, we get to do it all again for Jack's and Simon's birthday in Bordeaux and Paris later this year. Three cheers for Lisa & Simon!



**BEIJING OLYMPICS:** If you are going to go, I always say "**GO BIG**". Well, the Beijing Olympic Games Organizing Committee did just that. Oh my, where to begin. How 'bout the beginning? Marina and I were joined by ten friends/clients for ten days at the Beijing Olympics. Our VIP passes were

secured by our good mate John (if you are interested in attending the Winter or Summer Olympics, then tinkle me because, well, John is my hero). Some of those never to forget, "bucket-list", Moments:



- US\$40+ billion or the amount spent by China to develop the most excellent infrastructure for the Olympic Games. You have seen The Bird's Nest and The Cube on TV. Please do yourself a favor and figure out a way to see them in person....and all the rest of what Beijing put together. Tremendous!!!



- The Volunteers, apparently more than 100,000 out of 1 million applicants from all walks of life, made each and every Moment special as they assisted in overcoming the challenges of moving hundreds of thousands of people from every corner of the Earth to every corner of Beijing and, for that matter, China. They were offered the opportunity to take one month off from work without pay, spend months struggling to learn English, train for several months for your unpaid job without pay and work 18 hours per day. Anyone willing to take that offer? Exceedingly special people make special Moments. The Volunteers were all that and more!!!
- The Chinese People - enough said. I travel the world. I have met people virtually everywhere. The Chinese people got busy making this Olympics **THE** Olympics!!! No other city or country should try to compare. Be yourself. The Chinese people will think only good things about you!
- Phelps was the Definition. Need I say more!?
- The Bolt was Ballistic. I guess you can't say enough about him. Heck, he can't say enough about him...and why not!?
- The Jamaican Lady Sprinters. Are you serious!? Yellow and green lightning, baby!!!
- The Women's Beach Volleyball redefined my idea of sport. Hey, awesome athletes in skimpy bikinis diving around a sandbox while cheery cheerleaders wearing even less bounce to the music. Go ahead, find a better sport!!!



- Baseball made me think of Dad, who would have been so happy to sit with me to see the semis and finals as, despite the absence of the USA, he would have been impressed with the Korean's intelligent approach to a thinking man's game.
- Basketball. LeBron and Kobe who? They won and I have to say their Will to Win was an frighteningly awe-inspiring effort. They are, simply stated, that good. Both fellas stepped up in a way that only Phelps and Bolt understand. My years of participating in sports tell me these fellas answered the door and said "We don't recall inviting you!"



- Team China: Hello, go on, are you serious!? Jia You, Tongzhimen!!!
- GCSL Cocktail with Mouton, Lafite, Margaux, Calon Segur, Talbot: Thanks to the 40 people who flew into Beijing from all over the world just to have a few drinks with Jack, Marina, Johnson and Ooi for an Olympian Moment - GCSL style!!!
- Soccer finale: I still think soccer is like High School Dating – a lot of sweating, bumping about and no one scores - but this Maradona fella screaming in my ear was, well, indicative of Olympic fervor!
- Closing Ceremony with free food, beer, ice cream, soda, etc. What the heck...US\$40 billion for the event...might as well feed 100 thousand people for free!



- Legation Quarter: Check out the bottles, baby!



**TEA TASTING IN BEIJING:** Lao She Teahouse with Da Hong Pao, Aged Pu'er, Pu'er Palace and all the best drops tea can offer. I think tea and wine tastings are always spectacular Moments.

**NO CHANGE:** Self or media proclaimed "President" Obama chose a "Washington Insider" with nearly 40 years of experience in what I call "institutional corruption" as his running mate. I was about to have a Moment, i.e. vote FOR THE FIRST TIME EVER. Then this!? Some things never change...sad!!!

**MEN WORTHY OF RESPECT:** Although I did not know these men, I think Senior Fire Fighters, Siu Wing-fong and Chan Siu-lung, should be remembered for their gallant efforts in saving many people during a horrific blaze in Hong Kong. Thanks, fellas. Your sort of conduct allows me to continue believing in the future of humankind!

**A DAY AT HOME:** Can you beat six bottles or so with the woman you love and a colleague who is golden!? Rhetorical question! Onwards and upwards...and please remember those Moments!

## GCSL NEWS



### CATHY COMPLIANCE IN ANGUILLA

Following on from my trip to Belize I made the journey through Miami, stopping off for the night in lovely (sic) Puerto Rico via its lovely (sic) airport to Anguilla. American Airlines now makes this mission impossible in one day's flying, thanks to its frequent delays, cancellations, silly timetables and worse "SSSS" boarding for the blonde Kiwi girl with a Hong Kong residence travelling alone. It is all too hard for them so they stop and search me at every checkpoint possible with all the other potential illegals. The only thing I am readily guilty of in the States is "overshopping", which considering the credit crunch they should be putting me in a priority line for, not blowing air on to me in a time capsule (the States new screening mechanism). Being paid effectively in US\$, the States is the one epicenter for retail that I can actually afford to shop at currently.

But I did not once flinch getting to Anguilla because the place is truly worth all the waiting to get to.

Among file reviews and compliance training for the staff, Carlyle and I worked with the Anguilla Financial Services Commission Director Niguel Streete and newly appointed Deputy Director Eleanor Astaphan to keep the GCSL Anguilla house in order. Anguilla, being our only jurisdiction that chooses not to accept our Professional Intermediary Declaration (PID) as part of the due diligence process requires different compliance methods.

GCSL Hong Kong and Singapore offices were guinea-pigging themselves (as so far no other person from any jurisdiction has applied for this status) to apply as a "foreign regulated person", which involves much form filling and application in a similar way to obtaining a license. On approval of this status our offices outside of Anguilla can refer clients to Anguilla and keep the due diligence in their own office subject to providing it on written formal demand to the Anguilla authorities. Much the same that the PID form allows GCSL approved intermediaries to do. Our intermediaries selling Anguilla companies will have to comply in this way under the Anguilla laws or provide full due diligence.

The highlight of the trip was seeing the Rogers Office Building standing proud after my previous trip where I needed a hard hat to enter the construction zone. Our Anguilla offices are now the second largest in the Group, and there is a huge conference room waiting now to be furnished. Another highlight was Carlyle taking me to the local "Lobsterfest" night, which consists of a West Indian buffet feast of plentiful juicy BBQ Lobster and some of the finest fare available on the Island. Thanks Carlyle I am still running that meal off! And I will not mention again the delicious Strawberry Daiquiris that I consumed on an almost daily basis...well okay possibly on average a thrice daily basis. I make myself jealous now reading about it.

Thanks to Carlyle and the hard-working Sonia and Camilla for their assistance. Also I note Serenity Cottages as a fabulous, cost-effective place to stay when you are in Anguilla on Shoal Bay East, easily the most beautiful white sand beach in the world. And once again like Tau I note that this time during my trip Rauvine had her baby.

*Contributed by Cathy Odgers, Group Legal Counsel and Compliance Office, The GCSL Group of Companies  
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### AOA 2008

#### AOA HONG KONG, SEPTEMBER 21 - 23, 2008

The AOA is coming home for one humdinger of a conference at **The Mandarin Oriental Hotel** ([www.mandarinoriental.com](http://www.mandarinoriental.com)) in Hong Kong. We are exceedingly pleased to have **David O'Rear, Chief Economist, Hong Kong General Chamber of Commerce** ([www.chamber.org.hk](http://www.chamber.org.hk)) as our Keynote Speaker. David knows the economies of the Greater China Region, and he will be sharing that knowledge with our delegates. We are equally pleased to have an AOA Global Advisory Committee Member **Michael Lintern-Smith, Partner, Robertson's Law Firm** ([www.robertsonshk.com](http://www.robertsonshk.com)), who will give us a closer look at the business and legal developments in Greater China. An AOA Executive Committee Member, **Michael Nelson, Law Firm of Michael Nelson** ([www.go-offshore.com](http://www.go-offshore.com)), and **Dan Mitchell, Senior Fellow, Cato Institute** ([www.cato.org](http://www.cato.org)), will enlighten us about some USA taxing matters in the run-up to the always interesting USA Presidential Elections. European tax and structuring matters will also be front and center with an AOA Global Advisory Committee Member and Gold Sponsor **Erich Baier, Managing Director, Bilanz-Data Wirtschaftstreuhand** ([www.austrian-taxes.com](http://www.austrian-taxes.com)), and AOA Global Advisory Committee Member **Diana Palombo, Director, The Benedict Partnership** ([www.benedict-partnership.co.uk](http://www.benedict-partnership.co.uk)). Banking always is a subject about which we need to know more and **Franck Chen, Associate Director, Barclays Wealth** ([www.barclaysasia.com](http://www.barclaysasia.com)), will provide us with his insights. **Gary Ferraro, President, Guardian Trust Company (Asia)** ([www.guardiantrustcompany.com](http://www.guardiantrustcompany.com)) has confirmed to be Chief Sponsor and Gary will also provide us with an insight to the cutting edge concept of Life Style Investing. Finally, we will hear from **Simon Mitchell, Consultant, Mayfair Trust** ([www.mayfair-offshore.com](http://www.mayfair-offshore.com)) about the most recent developments in the Seychelles. In usual AOA fashion, our cocktail parties are shaping up to be fantabulous with **Barclays Wealth** ([www.barclaysasia.com](http://www.barclaysasia.com)) sponsoring the opening glitzy gala at M Bar & Pierre at the tippy top floor of The Mandarin Oriental and **Robertson's Law Firm** ([www.robertsonshk.com](http://www.robertsonshk.com)) taking us back in time to the exclusive colonial ambience of The Hong Kong Club, which opened its doors in 1846.

Come one, come all to the AOA Hong Kong Returning Home is Oh So Sweet Conference!!!



### CHINA UPDATE

#### INCREASING TAX IMPACTING CHINA AUTOMOBILE INDUSTRY?

On August 26, 2008, the Chinese Ministry of Finance and State Administration of Taxation issued a notice adjusting the automobile consumption tax which will be effective September 1, 2008. This included an increase to 25% on the consumption of automobiles with engine capacities between 3.0L and 4.0L and a decrease to 1% for small engine capacities under 1.0L. Similar to the tax adjustment in 2006, the notice targets the smallest and biggest cars, while the mainstream market segment between 1.4L to 2.5L engines remains unchanged. Given the increase in cars on the road and consequently pollution in the air, the China government is seeking to use tax to promote emission reduction and energy conservation. However, the savings achieved for purchasers of small cars that cost between RMB20,000 to RMB40,000 is negligible while luxury car dealers are offering discounts to offset the increased tax on bigger cars. One has to wonder how effective this round of administrative adjustments will be?

#### DOMESTIC EXPRESS SERVICE CONTRACT

On August 18, 2008, the State Post Bureau and the State Administration for Industry and Commerce jointly issued the "domestic express service contract", which will be effective October 1, 2008. The Contracts' requirements include:

- Courier companies should receive and deliver express packages in accordance with the law.
- Packages should be inspected on the spot according to the relevant laws.
- Prohibited items and uninspected items will not be delivered.
- The sender is entitled to make inquiries about the handling of the package for one year.
- The sender should disclose the contents of the package to the courier company.
- The sender should produce valid documents and complete the forms correctly and neatly.

#### THE MOST EXPENSIVE OFFICE BUILDING IN SHANGHAI

The Shanghai Global Financial Center (SGFC) will be the most expensive office building in Shanghai at a daily rate of US\$3 per square meter or US\$3 per 10.7 square feet.

*Contributed by Johnson Chien, General Manager – Fiduciary Services, GCSL Shanghai  
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#### RECESSION IN CHINA? NOT SO FAST...

Even as the price of crude oil has fallen dramatically in July and August, most experts still see recession in the immediate future for the world's leading economies. However, based on recent moves in the Greater China market, it would appear both the local and international players disagree. Just this week, Shanghai Commercial Bank purchased new Hong Kong headquarters in Central for almost HK\$20,000 a square foot, the most expensive commercial real estate transaction since 2005. Interestingly enough, the building is right next door to the bank's current headquarters. The buy was a shock to a real estate market many thought a bubble ready to burst. In China, Coca Cola has agreed to purchase a local juice maker for three times its market value, approximately US\$ 2.3 billion, taking the company private and claiming the value of the local brand justifies the premium. And in the bid for ailing Lehman Brothers, the leading contenders include HSBC, an unnamed Chinese bank, and Korean Development Bank, which already holds a twenty-five percent stake in the company. Even as one of the commodities funds in which Lehman held a major stake closed this week, bids are expected to rise. Markets around the region have been mixed, with Japan up and Korea's won rising, while China and Hong Kong continue to struggle on the weakening commodities market, further blurring market outlook. Economic indicators point to a slowing Chinese market but with major deals continuing to capture headlines, the average investor is understandably confused, but cautious optimism is justifiable.

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#### RESPONDING TO THE NEW EIT LAW

The new Enterprise Income Tax (EIT) law and Implementation Rules signal a fundamental change in China's tax policy and will lead to significant changes in the transfer pricing and corporate restructuring landscape throughout the country. To minimize exposure to the new unified corporate tax rate of 25% (up from the previous standard rate of 15%), an FIE may consider restructuring its manufacturing operations in China to a contract or toll basis, as an alternative to traditional manufacturing structures. Preferred locations for the offshore regional principal are countries with low corporate, including Hong Kong and Singapore.

#### CONTRACT MANUFACTURING

Contract manufacturers produce based on orders provided by a related party and therefore do not bear substantial market, credit or other risks. They take title to the raw materials used in production and therefore own the working-in-progress and finished goods before sale to other group entities. They are likely to own minimal, if any, intellectual property. The contract manufacturer is generally remunerated by way of a gross margin on goods manufactured, which equates to an arm's-length cost plus mark-up or return on capital employed. Given risk profile of such entities, they are expected to achieve lower but more stable returns than full-risk manufacturers. However, before setting up such a structure the taxpayer should be mindful of impact of Guo Shui Han [2007] No.236, or Circular 236. The State Administration of taxation has observed that a significant number of contract manufacturers have been reporting losses or low levels of profitability. Circular 236 provides guidance to local tax authorities to target these entities for tax audits, and serves as a warning to taxpayers in this position to mitigate risks with careful planning, economic analysis and transfer-pricing documentation. The other key consideration relates to the potential impact of customs. Duty and value-added tax (VAT) on contract manufacturing. These critical aspects of tax planning are not covered in any detail here, but it is important to note that their impact can be a more significant component of overall tax cost than income tax if not given due attention up front.

#### TOLL MANUFACTURING

A toll manufacturer typically processes raw materials that are owned by a related party in return for a tolling fee. From a commercial perspective, this arrangement helps centralize the ownership of raw materials and can support a more streamlined purchasing and inventory management system. It can also be advantageous from a tax perspective, as such entities are generally remunerated by way of a cost-plus mark-up-with the cost base excluding the cost of raw materials. However, increasingly it can be a challenge to gain regulatory approval for such structures, as authorities throughout China are attempting to move their economies into more sophisticated value-added production. Another issue is the significant risk of tax authorities challenging tolling arrangements. The argument is that as the over-seas group company owns the raw materials and work-in-progress, and directs the activities of the toll manufacturer, it creates a permanent establishment, which should be separately remunerated with an additional, taxable, arm's-length return. These two well-known manufacturing models, if planned and structured carefully and implemented with full consideration of all regulatory, direct and indirect tax implications, can create a considerable tax benefit through minimizing the profit and tax paid in China. Underlying all of these arrangements is the need to ensure that all corporate restructuring, such as the introduction of the above manufacturing models, is fully supported by commercial reality and real economic substance in accordance, as well as proper transfer pricing documentation prepared in accordance with EIT Law and Implementation Rules. This is further emphasised by the introduction of a transfer-pricing-specific penalty and interest regime that can be applied on up to 10 years of adjustments at a compounding rate. Transfer pricing documentation is the only accepted, method of giving the local tax authority a clear understanding of the transfer pricing model and commercial realities of the business. Most significantly, it is the best means of presenting the company's case to the local tax bureau staff effectively, with a view to avoiding a lengthy and costly transfer-pricing audit.

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## SINGAPORE UPDATE

#### THE RICH AND FAMOUS

As the Republic turns on the final switches in anticipation of her first F1 Grand Prix, and the first night race at that, she prepares to roll out the thickest red carpet for the very rich and famous to descend on her fair shores, in their private jets and yachts. The town will be painted even redder and illuminated brighter by these well healed.

Perhaps it's opportune to look at some of Singapore's richest, and at what better level to look at than billionaires to start. Here is the latest list from

Forbes:

Ranking			Estimated wealth
Current	'07	Name	(US\$b)
1	1	Ng Teng Fong & family	7.0
2	2	Khoo family	6.1
3	3	Wee Cho Yao & family	3.6
4	4	Zhong Sheng Jian	1.8
5	5	Kuok Khoon Hong	1.3
6	6	Kwek Leng Beng & family	1.2
7	7	Peter Lim	1.1

Singapore now has seven US-dollar billionaires, up from five last year, according to the latest list of the 40 richest people here published by Forbes.

Both new entrants to the billionaire league are shareholders of Singapore-listed palm oil giant Wilmar International. As the share price of Wilmar soared 30% over the past year, their fortunes skyrocketed.

A stronger S\$ also helped. Over the year since the previous list was compiled, the S\$ gained 9.1% against the US\$.

Kuok Khoon Hong, 59, Wilmar's chairman and chief executive, saw his net worth rise to US\$1.3 billion from US\$960 million a year ago, propelling him into fifth place on this year's Singapore rich list, up from No. 6 last year. He overtook Kwek Leng Beng, executive chairman of property group City Developments, who together with his family is estimated to be worth US\$1.2 billion, up from US\$1.1 billion last year.

Peter Lim, 55, who owns just under 5% of Wilmar, according to Forbes Asia magazine, stayed at No. 7 on the list, but his wealth shot up to US\$1.1 billion from US\$830 million a year earlier.

Property magnate Ng Teng Fong, 80 and his family, who control the privately held Far East Organisation, emerged as Singapore's richest family for the second year running. They have an estimated combined net worth of US\$6.7 billion last year – the result of "a more in-depth valuation of their real estate holdings", said Forbes.

The family of late banker Khoo Teck Puat, who died in 2004, stayed in second place. Together, they control some US\$6.1 billion, including an estimated US\$4 billion from the sale of their stake in Standard Chartered Bank in 2006.

Veteran banker Wee Cho Yaw, 79 year old chairman of United Overseas Bank group, and his family remained in third position, with an estimated net worth of US\$3.6 billion, up from US\$3.3 billion last year.

Zhong Sheng Jian founder, chairman and chief executive of China based property developer Yanlord Land Group saw his net worth tumble US\$700 million over the past year as the group's share price fell, but still managed to retain his spot as the fourth richest person in Singapore with US\$1.8 billion to his name.

So with all this local wealth, together with the rest of the world congregating to have a jolly good time, there should be some serious partying in September when the F1 cars race by.

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## INTERNATIONAL UPDATE

### NEW ZEALAND LIMITED PARTNERSHIPS

The Limited Partnerships Act 2008 came into force on 2 May 2008 enabling registration of Limited Partnerships and Overseas Limited Partnerships. The Limited Partnerships Register is maintained by the New Zealand Companies Office. The primary objective of the introduction of the Limited Partnerships regime is to facilitate growth in venture capital, private equity industries and to provide an alternative (to a company) flexible investment vehicle.

Limited Partnerships are a form of partnership involving General Partners, (who are liable for all the debts and liabilities of the partnership) and Limited Partners (who are liable to the extent of their capital contribution to the partnership). In practice the General Partner will be a company to provide some form of limited liability to an individual (a Director) and the Limited Partners would be an individual or corporate. There must be at least one General and one Limited partner. This internationally recognised Limited Partnerships regime has the following features:

- separate legal personality / identity
- an indefinite lifespan (if desired)
- a list of activities that the limited partners can be involved in while not participating in the management of the Limited Partnership (safe harbour activities)
- the entity does not pay NZ tax on its income ... tax is paid by each partner on their share of the income.

An Overseas Limited Partnership is a partnership that has been formed in a country other than New Zealand but because it is engaged in business activities in New Zealand it must register as an Overseas Limited Partnership. A Limited Partner cannot be involved in the day to day management of the Limited Partnership. To enable Limited Partners to become involved in the key decision making activities of a Limited Partnership, the Limited Partnerships Act 2008 includes a safe harbour mechanism to ensure Limited Partners maintain their limited liability.

Safe harbour general activities include but are not limited to:

- Taking part in the decision about the variation, replacement or termination of the partnership agreement and/or its activities
- Taking part in the decision (under certain conditions) about an investment proposal

The Limited Partnership must have a written Partnership Agreement between partners that establishes and governs the terms and conditions of the partnership.

The General Partner must prepare financial statements for the Partnership but these do not have to be filed with the registrar and do not have to be audited (unless required by Partnership Agreement). The exception to this would be if the Limited Partnership was an "issuer" of securities to the New Zealand public.

Of interest to overseas (non New Zealand) residents ... the regime recognises that limited partners may not wish to publicly disclose their interest in a Limited Partnership. As a result the details relating to limited partners are not available for public viewing.

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## DELAWARE ENTITY TAX INCREASES

- Alternative entity (LLC/LP/GP) taxes increased from US\$200 to US\$250
- Domestic Corporations taxes increased as follows:

1-5,000 shares:	US\$75
5,001- 10,000 shares:	US\$150
Each additional 10,000 shares:	US\$75

Effective January 1, 2008.

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## IF YOU CURRENTLY ENJOY VISA-FREE TRAVEL TO THE USA, HAPPY DAYS WILL SOON BE GONE - SORT OF

The Department of Homeland Security ("DHS") will soon require travelers who benefit from the Visa Waiver Program ("VWP") to obtain pre-travel approval through an online system. The Electronic System for Travel Authorization ("ESTA") is a result of the 9/11 Act, and is one of Congress' prerequisites for giving DHS greater leeway to add countries to the VWP. DHS "anticipates" ESTA will be mandatory starting on January 12, 2009. There will be no charge for obtaining ESTA approval, but DHS is suggesting that this may change in the future. The approval will be valid for two years, regardless of the number of trips made. However, if an ESTA-approved traveler obtains a new passport, he will have to reapply. It is worth noting that Canadians will not be affected by the new rules, since their visa waiver privileges are not part of the VWP.

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## OFFSHORE UPDATE

### ANGUILLA: GCSL ANGUILLA CELEBRATES ITS SECOND ANNIVERSARY

On September 1, GCSL Anguilla turned two. Since it is not a child, there is nothing terrible about the so-called "terrible twos." However, this is a mile-stone worth noting. From humble beginnings with a staff complement of two, including yours truly as Managing Director, in a small room in the Hansa Bank Building, GCSL Anguilla has grown to a staff of five full time employees and one contracted accountant and occupies brand new and modern offices in the Rogers Office Building.

Over the past two years, over 1000 IBCs, LLCs, PCCs and domestic companies have been incorporated and trusts domiciled. In addition, some of these have been licensed as captive insurance and general insurance companies, mutual funds, fund managers and administrators as well as registered agents or company managers and trustee companies.

The success of GCSL Anguilla is due to many persons. But foremost amongst these is the staff and foremost amongst the staff is Ms. Sonia Richardson whose commitment and dedication is second to none. Through hard-work, long hours, including weekends and after normal working hours, the staff has given their best and to Sonia, especially, we owe a great deal of gratitude. Adding to her strong efforts is Mrs. Rauvine Thompson who ably stepped in last December to assist with the accounts and has proven her skills and competence in trying circumstances over the course of a few months. Rauvine is currently on maternity leave having given birth to a healthy son in late July and we look forward to her return at the beginning of October. Rounding off the full-time staff is Ms. Camilla Gumbs who joined us in June just in time to assume Rauvine's duties and to assist Sonia with the company formation work. She too has proven to be an asset and I am pleased that she joined us. Finally, accountant, Mrs. Felicia Hill, joined us last December on a part-time basis to sort out our accounting issues. She adopted a methodical and professional approach and brought her ideas and concepts of accounting principles to the table. While this led to internal debate, the fact that professionals could resolve their differences is worthy of note. Felicia's long hours on weekends and at night are appreciated deeply by us all.

In a short space of time, the staff has developed a strong service ethos even under the most demanding circumstances. While moments of frustration and exasperation occur, none has lost sight of the goal which is to make GCSL Anguilla a success story. To the staff I say thank you very much for your individual and collective efforts and these shall be rewarded in due course.

Of note, I wish to also thank the Hong Kong team at all levels: Marina, Ron, Hanna, Karen, Jacqui, Cathy, Irene, Susan and Hydon. None has assisted us more, especially in the last eight months however, than Fanny whose hard work and dedication on the accounts, despite differences and debate, are and have been appreciated. To Fanny, I say thanks for sticking with us and hanging in there when the tough times came.

To Jack, the ever-traveling CEO, I say thanks for your support and efforts in spreading the word about Anguilla and the business you generated.

To Stephen, Johnson, Jason, Lawrence, Elie, Ooi and now Piers, I also say thanks for the deals cut, the arguments and discussions about pricing and everything else under the sun, and the successes achieved.

I look forward to working with you all as we move ahead and to traveling with my brethren Vance, Puai and Carlo.

So, onwards, upwards and "bankwards" as GCSL Anguilla looks forward to its third year of operations.

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#### **BELIZE: ANYONE FOR LAUNDRY DUTY??**

This month we take on the behemoth of a task of looking at the proposed amendment to the money laundering laws of Belize. What had previously been the Money Laundering (Prevention) Act, legislation of just 30 sections, will now become the Money Laundering And Terrorism (Prevention) Act.

The Belize Offshore Practitioners Association ("BOPA") had sent a response to the Director General of the International Financial Services Commission in July of this year outlining the reservations and suggestions of the BOPA. This article will try to highlight some of those comments and suggestions.

The Bill, not yet an Act, of course, makes use of the term "serious crime." It is used to mean "...an offence against a provision of-

- Any law in Belize, for which the maximum penalty is death or imprisonment for life or other deprivation of liberty for a period of not less than 24 months and includes money laundering and terrorist financing; or
- A law of a foreign state, in relation to acts or omissions which, had they occurred in Belize, would have constituted an offence for which the maximum penalty is death, or imprisonment for life or other deprivation of liberty for a period of not less than 24 months and includes money laundering and terrorist financing.
- And includes an offence listed in the Second Schedule to this Act regardless of penalty.

The Second Schedule to the Bill spells out the following offences: murder, manslaughter, dangerous and grievous bodily harm, kidnapping, illegal restraint and hostage-taking, robbery, theft involving more than BZ\$10,000.00, terrorism including terrorist financing and related offences, drug trafficking and related offences, blackmail, counterfeiting, extortion, false accounting, forgery, fraud, illegal deposit-taking, arms trafficking, smuggling, trafficking in human beings and migrant smuggling, illicit trafficking in stolen and other goods, corruption and bribery, environmental offences, piracy, participation in criminal gangs and racketeering, sexual exploit of women and children, Insider trading and market manipulation. That is quite a mouthful.

Also of interest, I should note that the First Schedule of the Bill shows the business subject to the proposed law. Amongst those listed is the following:

A trust or company service provider not otherwise covered by this schedule, which, as a business, provides any of the following services to third parties:

- Acting as a formation agent of legal persons
- Acting as (or arranging for another person to act as) a director or secretary of a company, a partner or partnership, or a similar position in relation to other legal persons
- Providing a registered office; business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement
- Acting as (or arranging for another person to act as) a trustee of an express trust
- Acting as (or arranging for another person to act as) a nominee shareholder for another person.

BOPA had indicated that a number of offences listed in the Second Schedule were in fact not offences at present under the laws of Belize, some of which, though related to certain offences under Belizean law, did not in fact/law constitute offences under the laws of Belize either. Their submission was that only offences under the laws of Belize should be included, or referred to, in the Second Schedule of the Bill. This argument is of great merit, especially when one considers Section 6(4) of the Constitution of Belize, which says: "A person shall not be held to be guilty of a criminal offence on account of any act or omission that did not, at the time it took place, constitute such an offence..."

BOPA also noted that the offence of money laundering had been included as a serious crime. They wrote as follows: "The criminalization of money laundering is based in large part on the general principle that a person should not be permitted to benefit from crime." They also made the point that money laundering in fact originated as a "parasitic offence," in the fight against drug trafficking, by way of the Convention Against Illicit Traffic in Narcotics Drugs and Psychotropic Substances (the "Vienna Convention"). The argument of BOPA therefore is that in all other instances or jurisdictions that they are aware of, money laundering is a "dependent offence" (my coined phrase), and that the wording of this Bill seeks to place it in the category of a predicate offence. Technically then, money laundering can be charged as a predicate offence, but there is no precedent found anywhere known to BOPA or other persons, allowing for that.

For that reason, it was urged upon the powers that be that the offence of money laundering be deleted from the definition of serious crime as outlined in the Bill, as there is no justification or precedent for the existence of money laundering as a predicate offence.

There is more which will have to come in the next newsletter, as this is only the first point taken. Please look out for more on this.

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#### **COOK ISLANDS: CELEBRATES 43 YEARS OF SELF GOVERNMENT**

August is a month of celebrations in the Cook Islands and is typically marked by the concentration of people on the main Island of Rarotonga. The population can sometimes double during this period as visitors and Cook Islanders alike flock to the main Island. This is a time of celebration to mark self government, with plenty of festivities, rekindling of friendships, maintenance of family ties and...intense dance competitions. Indeed it is the cultural dance competition which attracts a large number of visitors to Rarotonga.

For many months prior to the August celebrations, each Island prepares itself through countless hours of practice to perfect their traditional song

and dance. There are various forms of Cook Islands song and dance, but most notable is the drum dance.

If you have not witnessed the pulsating drum dance of the Cook Islands, then perhaps you have not experienced life itself, or so the saying goes. Many a sailors, traders and even missionaries of past centuries have been mesmerized by this form of dance, which finds its origins in the worship (more likely sexual arousal) of the God of Fertility; represented by Tangaroa - with its very notable male organ - as displayed below. It is easy to see the connection with fertility to this day, as the drum dance still stirs wild inhibitive emotions by those who witness it. It is fast and furious, where the young men show their physical prowess through dance; and the women shake their hips in a wild and rousing fashion - all done while smiling. It is all about making a dance that is very physically challenging, look effortless and graceful.

It is the equivalent of ten aerobic sessions jumbled into one, for those who workout.

But there is more than just the drum dance, there is also the action song, where the tempo is slowed down, and the women will gently sway their hips, with elegant movements of the hand - all to tell a story. The beauty of Cook Islands women is the focus of this dance of romance and love. Essentially, the two forms of dance are opposite poles of the same theme.

After the drum dance and the action song; you start to wonder what kind of society existed in these Islands prior to the arrival of Christianity!! But alas, there is more to our dance than just drums and swinging hips. There is the more sedate form of singing called the Ute; a modernized and sanitized version of what was essentially a form of singing that the missionaries were horrified to find, used evocative sexual references as a form of entertainment. Today this form of singing is more often used to praise Christianity and its virtues.



Then there is the Pe'e, traditionally the relaying of a legend through song and drama. More recently it has adopted forms similar to the New Zealand Haka, as modern influences make this form of song and dance more popular. This form is evolving and is sure to become more and popular with time. While these two latter categories are more restrictive in their form, both items nonetheless still require an extreme energy output.

Take 15 fiercely proud Islands, a vibrant song and dance culture, and you have one awesome mix. And to cap it all off, Puai Wichman has again been an overall winner in this competition two years in a row!!!!

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#### **SAMOA: THAT TIME OF THE...YEAR**

Talofa from Samoa! It is that time of the year again - RENEWALS. Yes, the deadline is November 30, but we would urge all our valuable clients to prepare and submit payments as soon as possible and on time so they don't get penalized unnecessarily. We will be sending out reminders and invoices shortly to everyone so please take note. Tofa soifua!

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## **TIDBITS**

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

#### **OUR MONTHLY QUOTE THAT MADE US SMILE**

I cook with wine. Sometimes I even add it to the food. Anon

#### **WOULD YOU LIKE YOUR CRICKET MEDIUM OR WELL-DONE?**

We recently read, and we kid you not, the following statistics about the consumption of the crawling critters that makes our wife jump on chairs:

- Thais eat more than 150 insects, canned crickets are sold in supermarkets and street vendors sell all sorts of bug culinary delights.
- Africans eat more than 250 insects and the mopane worm is the delicacy responsible for a multimillion US\$ export business to immigrant communities in Africa.
- South Americans cherish fire ants in Venezuela while the big-butt ants of Columbia are swallowed for their aphrodisiacal qualities.
- Papuans in Indonesia eat 50 different insects including the honeybee brood, grasshoppers and sago grubs while Aborigines in Australia dine on "bush tucker food", including jewel beetles, flies and moths.

Yucky-poo!!!

#### **THE VALUE OF SHARES MAY GO DOWN AS WELL AS UP...CHINESE PROVERB?**

A new Chinese proverb has crossed the lips of the millions of investors who experienced a loss of approximately US\$158 BILLION in their portfolio of mutual funds in 1H08. Yes, welcome to the world of investing, dear Comrades!!! Oh, by the way, another common aspect of investing was evident as securities brokerage firms racked up approximately US\$400 million in commissions during the same period!!!

#### **NO COLOR PHOTOCOPIES...OH MY!**

Yes, Citigroup is responding to its US\$55 billion of write-offs and slashing of 14,000 jobs in 1H08 with such drastic measures as prohibiting color photocopies and off-site employee meetings and, please take a seat for this shocking bit, the bank will be conducting a review of BlackBerry usage!!! Citigroup didn't indicate how much these measures might save, albeit we know such action must be in the best interests of shareholders. We wonder what Citigroup is doing about all the genius decisions made by overpaid analysts, bankers, managers, etc, whose picks put the bank in the poop? Oh my...no more color photocopies...there is another genius decision!

#### **MOM KNOWS BEST**

A Mumbai High Court Judge recently told India's billionaire Ambani brothers they should call upon their mother's dispute resolution skills to settle

their disagreement over various issues related to their respective ownership of the Reliance, US\$23 billion corporate empire. Perhaps we should allow the mothers of world leaders to decide how to resolve the various disputes raging on our planet. Just a thought as mom clearly knows best!

**NUN OF THAT!**

We were disappointed to learn that an online beauty pageant for Italian Nuns was cancelled as the Church was not convinced the gimmick was designed to display attributes of the Sisters such as their spirituality, social awareness, charity and other qualities. Some people have no sense of humor!

**DID YA KNOW WHY IT IS SO DIFFICULT TO SWAT A FLY?**

Some researchers in California conducted experiments with high-speed digital cameras on lab flies and discovered the lil fellas have a sophisticated defence system to anticipate the swatter's movement in a fraction of a second. The more important question they forgot to ask - who cares!!!!???

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