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JACK'S CORNER

THE LONG ARM OF THE IRS...BEWARE OR DO NOT TRAVEL
I recently was engaged in some light reading of *USA vs. Hansruedi Schumacher and Matthias Rickenbach*, which was an indictment heard by a Grand Jury in the USA District Court, Southern District of Florida. Schumacher is a banker with Neue Zuercher Bank in Zurich ("NZB") and formerly a banker with the IRS's favorite financial institution, i.e. UBS. Rickenbach is a Partner at the law firm of Rickenbach & Partner and specializes in international banking law. The Indictment collectively refers to these well-qualified fellas, along with several USA person clients, as the "Conspirators". Schumacher and Rickenbach, together with their co-conspirators, allegedly "...unlawfully, willfully and knowingly, did combine, conspire, confederate and agree together and with each other to defraud the United States and an agency thereof, to wit, the Internal Revenue Service of the United States Department of Treasury, in the ascertainment, computation, assessment and collection of federal income taxes."

Perhaps the most interesting part of the Indictment, primarily due to the educational value for offshore practitioners and their USA clients, is the Means and Methods of the Conspiracy, which outlines the following alleged conduct of the Conspirators:

1. "...established sham and nominee offshore entities to hide their United States clients' assets and income from the United States authorities."
2. "...regularly traveled to the United States to conduct banking and investment activities with their United States clients."
3. "...to transfer funds from UBS to NZB by claiming that NZB had no presence in the United States, no Qualified Intermediary Agreement which would have created a tax withholding and tax reporting obligation for certain accounts, and therefore NZB could not be pressured by the United States authorities to disclose the identities of their United States Clients."
4. "...solicited and provided credit or debit cards to their United States clients, which were linked to the United States clients' offshore accounts."
5. "...prepared sham loan documents for United States clients in order to conceal from the IRS that the United States clients repatriated funds from their offshore accounts and to generate false and fraudulent loan interest deductions on United States income tax returns."
6. "provided their United States clients with cellular telephones and telephone calling cards to allow the United States clients to contact their offshore bankers and financial service providers in a manner that was not traceable by United States authorities."
7. "...withdrew cash from the United States clients' offshore accounts in Switzerland and hand-delivered cash to the United States clients in the United States."
8. "...assisted United States clients in preparing IRS Forms W-BEN that falsely and fraudulently stated that nominee offshore structures, and not the United States clients, were the beneficial owners of offshore bank and financial accounts maintained in foreign countries.."
9. "...falsified bank documents and other documents in order to create the appearance that assets of their United States clients belonged to Swiss citizens."
10. "...falsified documents to disguise United States clients' repatriation of offshore funds as inheritances from foreign citizens."
11. "...instructed their United States client to divert business receipts into separate bank accounts and then to transfer the diverted funds to offshore bank accounts so that there would be no evidence of the diversion on the books and records of the business."
12. "...advised their United States clients to maintain large amounts of cash in Swiss safety deposit boxes in order to conceal their ownership of the funds from the IRS."

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13. convinced certain of their United States clients not to declare the IRS the existence of their offshore accounts nor the income earned thereon through the IRS's Voluntary Disclosure Program."

Oh my, are these fellas serious!? I would have thought all the clever conduct in *The Firm* had sort of expired with the videotape version of that 1993, US\$270+ million grossing movie. Guess not.

Two other interesting tidbits of information for non-USA practitioners considering working with USA persons:

- If convicted, Schumacher and Rickenbach are each facing 5 years in jail, 3 years supervised release and a US\$250,000 fine.
- Three of the entities setup by Schumacher and Rickenbach to assist their United States clients were Hong Kong companies...ouch, that sucks!!!

Read and learn...the long arm of the IRS will find you in Switzerland, Hong Kong or elsewhere.

DON'T MESS WITH THE IRS...OR STATE OF CALIFORNIA

Time Magazine recently published the Top Ten Tax Dodgers, which provides a brief insight into those who dared to defy the IRS and suffered quite dramatically for the same. Have a read...and then file on time and honestly...or expatriate!!!

1. Al Capone: The USA's most powerful mobster, who ran a massive Chicago crime syndicate during Prohibition. Did they get him for the many alleged murders he committed? Nope...he was convicted of tax evasion and sentenced an 11-year prison term.
2. Wesley Snipes: Everyone knows Wesley, who aside from his movie fame was convicted of not filing a tax return and sentenced to 3 years.
3. Pete Rose: Charlie Hustle and, arguably, baseball's greatest player, was nailed for tax evasion, fined and spent 5 months in prison. Pete Rose sat on a tack (tax?), Pete ROSE 😊
4. Willie Nelson: One of country's favorites, but not the IRS, which nailed him for US\$16.7 million.
5. Richard Hatch: Winner of the inaugural Survivor event, this fella was convicted of not paying taxes on from his fame and has been surviving in prison for the last 51 months.
6. Leona Helmsley: The lady famous for saying "We don't pay taxes. Only the little people pay taxes", spent 16 years in prison for more tax offenses than I even knew existed!
7. O.J. Simpson: He beat the murder rap, but the State of California is seeking 7 figures from him...when he gets out of the Nevada jail for other bad conduct!
8. Dionne Warwick: With US\$2+ million owing to the State of California, this lovely singer is spending time in Brazil...and apparently paying her bill.
9. Sinbad: Not the most popular of actors, but at US\$2.5 million owing to the State of California, one has to wonder what he has been doing...or not doing!
10. Walter Anderson: Never heard of him, but as a telecommunications entrepreneur with a love for offshore companies and non-filing, he was hit with approximately US\$400 million in taxes, penalties and interest!!!

GCSL NEWS



HAPPY 3RD BIRTHDAY, GCSL ANGUILLA

Has it been that short? Or long? Time flies when you are having fun...thanks and congrats to Carlyle and the GCSL Anguilla Ladies!

OUR FRIEND PIERRE CELEBRATING ANOTHER YEAR OF...WINE DRINKING

A photo speaks far better than I can write! Visit this fun-loving Sommelier at [Pierre's Michelin 1 Star restaurant](#) in Hong Kong, bring the photo, see what you get 😊



PUBLIC HOLIDAYS SEPTEMBER 2009
SINGAPORE
20 September Hari Raya Puasa

AOA



THE AOA BEIJING CONFERENCE, MARCH 7-9, 2010, THE PENINSULA BEIJING
After a fun opening cocktail/dinner sponsored by the good people of [Guardian Trust Company](#), we will kick-off Monday morning with a presentation regarding international estate planning by our Keynote Speaker, Richard Duke, Partner, The Duke Law Firm, USA ([www.assetlaw.com](#)). Our Global Advisory Committee member, Nathan Kaiser, Partner, Eiger Law, Taipei ([www.eigerlaw.com](#)), will turn our attention to recent changes in company and tax law in Taiwan. Rupert Hoogewerf, Huron Report, Shanghai ([www.hurun.net/indexen.aspx](#)) will provide us an insight into the always interesting world of wealth in China. Our Global Advisory Committee member, Hao Wang, Partner, Ray Yin Law Firm, Beijing ([www.rayyinlawyer.com](#)) will round up the first day with a look at the future of trusts in China.

On Tuesday, we will hear from Jon Eichelberger, Partner, Baker & McKenzie, Beijing ([www.bakernet.com](#)) and Patrice Marceau, Partner, DLA Piper, Hong Kong ([www.dlapiper.com](#)) regarding cutting-edge Greater China tax issues. Henry Liao, Partner, Schinders Law Firm, Beijing ([www.schinderslaw.com](#)), will offer delegates his real life experience regarding corporate finance challenges in China. We will finish the day with a presentation regarding international tax matters and offshore centers by Anuj Sharma, Director, Abacus Seychelles Limited, Seychelles ([www.abacus-offshore.com](#)).

Please join us at China's political and cultural capital – Beijing - at The Peninsula.

GREATER CHINA UPDATE



CHINA CONSUMER FINANCING REGULATION

On May 12, 2009, the China Banking Regulatory Commission (the "CBRC") issued draft regulations regarding Consumer Financing for general public opinion. By June 2009, four designated cities, namely, Beijing, Chengdu, Shanghai and Tianjin had processed their first application. The urgency of this important piece of regulation was subject to pressure by the worldwide financial crisis and central government's commitment to stimulate domestic consumer spending.

The following summarizes the Regulation:

- The Consumer Finance company is not a financial institution but the entity name must have "Consumer Financing" in the name. (Chinese Characters are 消费金融). It cannot take deposits from general public.
- The governing authority is CBRC and periodic reporting and disclosure are required.
- The major requirements includes:
 1. The shareholder should be a financial institution or CRBC approved legal entity.
 2. The 50% principal shareholder should have total assets equivalent to RMB 60 Billion.
 3. The registered and paid up capital is not less than equivalent RMB 300 million. The registered capital should be paid up all at once.

4. The directors and senior officer(s) should be approved by CBRC.
5. Approval from CBRC is required to set up a Branch Company in other locations of China.

Permitted business activities include:

1. Durable products financing, such as furniture, electronic items. (House mortgage and car loan are not permitted.)
2. Personal spending financing, such as travelling, house furnishing, marriage, education.
3. Financing transfer of assets.
4. Industry borrowing and lending
5. Borrowing from Domestic financial institutions.
6. Issuing bonds (approval is required).
7. Consumer Financing Consulting and Agency services.
8. Agency and sales of consumer financing related insurance products.
9. Security fixed return investment activities.

The good news to foreign investors is that the regulation permits foreign applicants.

*Contributed by Johnson Chien, Managing Director, GCSL Shanghai.
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EVIL VULTURES CIRCLING OVER UBS RELEASES

The human interest element has been missing from the posturing of the USA and Swiss governments with respect to the battle to keep secret the names of Americans who have UBS "Swiss" bank accounts. So far the arguments have been rather drab and technical. Until now that is.

In the more sensationalist of angles, it appears that among those most interested in the list and who is on it, are wives and especially ex-wives.

For those who have made my acquaintance, I am probably the least sympathetic GCSL staff member to the plight of women who do not work and receive ridiculous divorce settlements off the productive labor of their often long suffering spouses. Most in part to the fact that I work and always have done as has every female in my true family. So I probably offer a completely differing perspective on the matter. And, as a female, I can ask the question that no man would dare ask:

"Why did the male decide or was forced to set the account and structure up offshore with UBS in the first place?"

In the day and age of ridiculous matrimonial and defacto relationship settlements whereby a women with limited earning potential in the labor force can suddenly find herself with more assets by marrying "well" than she ever would with a 9 to 5 job and retained earnings and savings, is it little wonder that men have been forced to retreat to asset protection mechanisms and then to the further extreme of "hiding the loot"? I don't blame them.

I doubt many of the couples that are affected by the UBS case in terms of divorce are in the situation where the woman can argue she is currently suffering from abject poverty, like some currently are even in Middle America. These are 4,500 accounts that on average hold US\$4 million each. To put that amount of money away means there is plenty more where that came from and plenty more would have been paid out already on divorce and most likely still being paid out monthly. These ex-wives and wives are just adding themselves to the list of greed in the grab for the cash.

Under USA law, from what I have read of the reports, there is no statute of limitations for divorce proceedings and thus divorces from years ago could be opened up for examination should the lists become public knowledge. The IRS has extended a period of clemency for confidential settlements until September 23rd if people turn themselves in. Special consideration must now be given by those who possibly will be on the list to do so for their marital situation.

So is this fair? Most people will argue it is but look at it from another angle. He has taken the risk (possible jail time) and now she is after the reward with no downside. Because of money supposedly hidden offshore, the spouse has received a better quality of life and standard of living than she would have had the working spouse paid US taxes over that period and declared all income. She is unwittingly a beneficiary of his crime and in receipt of gifts and benefits that are tainted now with these funds. Even if he has left the money in the account and not touched it she is a beneficiary of the proceeds as it is money that the spouse has in reserve to spend so has not had to hold back his spending on declared income and assets that she not only benefited from the use of during the marriage but thieved off with a great portion of those assets on divorce.

In terms of fairness, I am sure former business partners and creditors have a far greater right to the disclosure and then legal use of this information than a greedy ex-spouse or current spouse.

But in terms of sensationalism, there will be nothing juicier than the details of the first of the UBS ex-Wives Club claiming their share of the proceeds of the much publicized case.

Contributed by Cathy Odgers, Group General Counsel and Compliance Officer, The GCSL Group of Companies Limited

JP MORGAN'S HONG KONG CHIEF UPBEAT ON CHINA AND HONG KONG

With the global economy appearing to make a slow and somewhat fragile recovery from last year's melt down, many are watching the China market ever more closely. Although hit by the recession, particularly as a major exporter of finished goods to the world's leading markets, the country has, internally, maintained relative stability and the A share stock market (those shares that may only be traded by Chinese citizens) has outperformed almost every global index.

I had an opportunity to attend Ms. Jing Ulrich's, Chairman of the China Equities and Commodities Group and Managing Director at JP Morgan, recent presentation at the Hong Kong General Chamber of Commerce (HKGCC). With a client base that includes the world's largest asset management companies, commodity traders, and financial institutions, Ms. Ulrich is considered one of, if not the, leading authority on the China market.

The essence of Ms. Ulrich's presentation was that a wide range of indicators point to continued sustainability of China's growth both in the stock market and in real terms. Some highlights below:

- Bank lending has surged from 15% to 52% of GDP since 2008 even while the banks maintain a loan to deposit ratio of 65% (compared to ratios closer to 100% in other developed markets).
- Over 40% of the loans are short term, contributing to a very liquid market. Households have also been allowing time deposit monies to expire and moving them to current accounts.
- Although earnings at most of the A share listed companies plunged over the previous three quarters, they are beginning to rebound.
- The A share market in Shanghai regularly trades at a volume of US\$60 billion a day and over 150 million households in China have active brokerage accounts (well over half of the population). Hong Kong, by comparison, sees HK\$60 billion in trading volume each day, or about 1/8th of Shanghai.
- Investment throughout China continues to rise, but of specific interest is that Central and Western China are beginning to account for a higher percentage of in pure dollar terms than Eastern China, traditionally the focus of both foreign and domestic investors. This trend has important impact on the 25 million migrant workers who saw many of their jobs in Guangzhou, Shanghai and other primary markets who are returning home, not to unemployment, but to both government and private sponsored development projects.
- As the auto industry in the USA collapses, China is on track to sell 12 million passenger cars, making it the largest automobile market in the world for the first time this year.
- Total trade for China for this year is expected to reach US\$2 trillion. China is cash rich and resource poor, so while some may worry that China will continue to have a trade imbalance in its favor, Ms. Ulrich noted that the country will continue to import commodities, capital goods, and intermediate components from both regional and global trading partners.

Ms. Ulrich believes that the aggregate of these indicators point to continued growth in China and that China's good fortune will be the world's good fortune. Certainly, if Ms. Ulrich is correct, Hong Kong will benefit from its integral role as gateway to the world's most populous nation.

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SINGAPORE UPDATE



MINISTER MENTOR MEDITATIONS

In the wake of the Republic's 44th Anniversary, Singapore's Minister Mentor Lee Kuan Yew again left some words of wisdom for the powerful nation he was instrumental in building. As he prepped the audience for what he wanted to say, he patted the Singaporeans on the back for doing well. He recounted how the Republic went through various challenges and difficulties and overcame. How the Singaporeans could face their difficulties squarely and worked to resolve them. But then, he raised 2 problems Singapore would face in the future.

A. Sex in the City

MM Lee addressed the issue of the shrinking population in Singapore and the government's policy on immigration. He called on the people to welcome the new immigrants, citizens and PRs, and to help them integrate into the Singapore society.

"We need immigrants to make up for the children we are not having. Between age 25 and 40, over 30% remain single and childless. Those who marry are not replacing themselves - all races together an average of 1.28 children, Malays 1.91 children, Indians 1.19 children, Chinese, the lowest: 1.14 children. They do not want their careers to be disrupted and believe it is not worth paying the high fees of educating their children in private kindergartens and have private tuition.

If we do not have educated Malaysians, China Chinese and India Indians and others from the region, our economy will decline. Our labour force will shrink.”

MM Lee also pointed out that the fertility rate in Singapore was even lower than that of Japan, which latter's population is ageing and declining, from 120 million to 90 million in 2055. They refuse to accept immigrants, so their economy is feeble and lack vitality. Singapore, on the other hand, has adopted a more liberal immigration policy.

He said that Singapore accepts “only immigrants who increase the average level of competence of Singaporeans. They must have skills and at least secondary school education, preferably tertiary-education. However, once they become citizens, they must be treated as equally as native-born Singaporeans, or our society will be fractured. Our new citizens can be integrated because most are from Malaysia, China, India, some Indonesians and Filipinos, and some Caucasian couples and Caucasians who have married Singapore citizens.”

And think of the children they will have...

B. Excuse me, do you speak Chinese?

The Singapore Government is encouraging Singaporeans to speak more Mandarin and take scholarships to study in China's top universities. Singaporeans needed to be proficient in both languages and cultures to manage our work with China, both government-to-government and in the private sector. Many Singapore companies are in China doing business, especially in cleaning up their water pollution and in waste management.

MM Lee however warned that we should not be misled by the emphasis on Chinese language and culture. It did not mean Singapore was displacing English as the working and common language, as the first language. English will remain the master language for all Singaporeans. However, for Chinese Singaporeans, Mandarin will be an added economic advantage with a thriving economy in China for many years to come.

*Contributed by Lawrence Fong, Managing Director, GCSL Singapore
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INTERNATIONAL UPDATE



ENVIRONMENTAL REVOLUTION AND SUSTAINABLE DEVELOPMENT IN RIO DE JANEIRO

Fifteen years after ECO - 92 (the second United Nations Conference on Environment and Development), Brazilian lawmakers passed Law no. 5100 of October 4, 2007, which amended Law no. 2664/96, providing for a 25% share of the State VAT (ICMS) collection being passed on to state municipalities. The good news: the use of environmental conservation as a major driver for the tax revenues to be shared among them.

The city administrations of Rio de Janeiro State that invest in the implementation of Units of Conservation, such as environmental protection areas including, among others, Natural Heritage Private Reserves - RPPN and Permanent Conservation Areas - APP, Water Resources and Collection of Solid Waste, will have higher tax revenues passed on to them by the state government.

The ratios attributable to each municipality are set by *Fundação CIDE* (Rio de Janeiro State Data Center Foundation) from data supplied by Feema (the State Foundation for Environmental Engineering), IEF (State Institute of Forests) and Serla (State Oversight Authority for Rivers and Lagoons).

As the funds from the 'GREEN ICMS' may be used for any legal purpose, the city administration that invests in the environmental area by creating, for instance, Units of Conservation - UC, will obtain a higher score and, in the next year, a larger share in the State tax revenues.

Worth to mention that municipalities not reaching the minimum ratio will not be entitled to the prize. Thus, those who invest more in the environment will have their costs offset by larger tax revenues, increasing their cities' share year after year. In short, environmentally friendly initiatives will be generating cash in Rio de Janeiro.

*Contributed by Vanessa Christina Lacerda, Lawyer, Miguel Neto Advogados Associados
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ASEAN SIGNS WITH CHINA AND INDIA

To broaden economic cooperation in the region, the Association of South East Asian Nations (“ASEAN”) has signed free-trade agreements (“FTAs”) with China and India at the 41st ASEAN Economic Ministers Meeting in Bangkok.

The ASEAN-China Free Trade Area (ACFTA) takes effect January 2010 and is the third FTA

between China and ASEAN. The investment pact:

- will boost two-way investment by as much as 60% over the next 2 years
- calls for host countries to provide protection for foreign direct and portfolio investments, and compensation against damages
- caused by riots and political disturbances eases restrictions on equity ownership and land acquisition.

The ASEAN-India Trade in Goods Agreement (TIG) also takes effect January 2010, and the free trade pact:

- eliminates tariffs on over 4,000 product lines including electronics, chemicals, machinery and textiles by 2016
- reduces tariffs for "special products" such as palm oil, coffee, black tea and pepper
- is expected to raise annual trade to US\$60 billion within 7 years

ASEAN member countries comprise Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

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OFFSHORE UPDATE



ANGUILLA: HAVING SIGNED 3 TIEAS, ANGUILLA IS SCHEDULED TO COMPLETE 9 MORE

In my last newsletter article, I mentioned that Anguilla has signed three TIEAs (Tax Information Exchange Agreements) with the UK, Ireland and The Netherlands. I have been informed by a senior representative of the Ministry of Finance of the Government of Anguilla, Mr. Carl Harrigan, who is the government's point-man on negotiating these TIEAs, that the remaining 9 shall be signed by the end of September 2009 in order to comply fully with the OECD's mandate and to remove Anguilla from the "grey" list which was issued in April. I will opine further on the details of the TIEAs at some point in the near future but since they are all based on the OECD Model, with minor amendments, the general outlines are widely known.

In the meantime, the OECD continues on its march towards achieving its objectives. According to a press release issued recently by the OECD, which I now quote in its entirety: "representatives of almost 100 governments have been invited to meet in Los Cabos, Mexico, on 1-2 September to decide next steps in a global campaign to improve transparency and exchange of banking and ownership information for tax purposes.

Under the chairmanship of Mexican Finance Minister Agustín Carstens and with the participation of OECD Secretary-General Angel Gurría, participants will discuss proposals for a new governance structure and new working methods for the OECD's Global Forum on Transparency and Exchange of Information.

Central to their discussions will be plans for establishing a robust peer review mechanism designed to ensure full implementation of international standards developed at the OECD and now endorsed almost universally.

In recent months, thanks to pressure from the G20 to step up the drive against tax evasion, dozens of countries and territories have taken steps to conform to these standards. Bilateral treaties have been revised and numerous new Tax Information Exchange Agreements have been signed or are under negotiation. The OECD has been tracking these developments in a Progress Report first issued on 2 April 2009 and regularly updated since then.

For individuals, banks and companies, the standards mean an obligation to keep reliable books and records and provide access to information about beneficial ownership and banking transactions. Once implemented, they will enable tax authorities to track down tax evaders by obtaining information through cooperation with other governments.

The Global Forum, which will oversee this process, was set up in 2000 to provide a global and inclusive forum for co-operation on issues of transparency and information exchange and currently groups more than 80 countries and jurisdictions. New participants are being invited to join, from both the developed and the developing world.

A news conference will be held at the end of the meeting, at 1.00 p.m. local time on Wednesday 2 September. For further information about the OECD's work on tax evasion, please visit www.oecd.org/tax/evasion." Further details of the Los Cabos meeting can be found on

As someone who has attended two OECD Global Forum meetings, I will watch carefully the latest developments and GCSL Anguilla will continue to monitor Anguilla's interactions with the OECD and the steps it is taking to comply with this process in order to protect the interests of the jurisdiction.

*Contributed by Carlyle Rogers, Managing Director, GCSL Anguilla
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BELIZE: BTL GETTING A BEATING IN BELIZE

The Belizean community was rocked on Monday, August 24, 2009, when Prime Minister Dean Barrow announced that his United Democratic Party administration was introducing legislation to effect the compulsory acquisition of the primary telecommunications provider in Belize, the Belize Telemedia Limited ("BTL"). He sought to outline the reasons for such a draconian measure being adopted by the government. These included a "secret" Accommodation Agreement, which stipulated for example that BTL, which is presently owned by billionaire and present Deputy Leader of the UK Conservative Party, Lord Michael Ashcroft (also the owner of the largest bank in Belize, the Belize Bank Limited, with international banking presence under the moniker "British Caribbean Bank International Limited") was guaranteed a minimum rate of return of 15%, and that it could in any year declare that BTL had not made that 15%, declare how much the shortfall was, and thus not pay any tax, such as business tax, customs duties etc., until the so-called shortfall had been recovered. From all records, this happened in the year 2007. In addition, BTL under this Agreement would not be governed by the Public Utilities Commission, the statutory body authorized to regulate all utilities. Further, BTL would be able to outlaw VOIP solutions, such as Vonage and Skype, refuse interconnection to other companies, including internet service providers. Finally, the government would be bound to use only BTL's services in its departments until 2015, and thereafter for successive 3 year renewal periods.

This being the case, and seeing it as one man's "predatory designs", the Bill, introduced on Monday August 24, 2009 in the National Assembly, was passed in the Lower House that same day, and submitted to the Senate for deliberation and hopeful passage into law by Wednesday morning.

For the record, that secret Accommodation Agreement has now been repudiated, although it did serve as the basis of BTL going to the London Court of International Arbitration, in seeking to enforce said Agreement against the government, and being awarded US\$38.5 million as a result. That now means that Skype works in Belize. Vonage, even though it is not necessarily covered by Vonage warranty, can now legitimately work in Belize, without some of the ingenious workarounds that I know people to have used.

Why mention this in a post about offshore financial activity? Well, there are two reasons. One is that telecommunications in this day and age, cannot be a closed corporate endeavor. The situation seems to have been that the manner in which BTL could actively bottleneck and frustrate attempts by other potential players to enter the telecommunications market, in whatever capacity, given its overarching reach and influence. It is certainly very important to us in this industry, as we communicate primarily by telephone and email (or the other way around, if you put them in order of usage). It allows us now to more frequently connect with people outside of Belize, without having to worry about the exorbitant phonebill. It allows for persons interested in investing in Belize's telecom industry in now doing so without fear of being crushed by the little giant that is BTL. Potential market vitality as a result? Who knows.

The second thing is to show that it is more than possible for things to change overnight. In this case, I applaud the government for its stand in trying to ensure that one person would not have total sway over what is nowadays such a services as essential as the Telecommunications Industry, in this 21st Century. BTL will not remain owned by the government, but shortly after the completed acquisition, the shares will be floated for the public to acquire them. There will be a "special share" retained by the government, allowing it to still have significant say in the fundamental administration of the company. But because this is a private company being taken over by the government, it cannot be said that it is not possible for something like this to happen. While I applaud the government for its actions here, because I am acutely aware of the level of influence and the high-handed approach to Belize taken by BTL in the past, I view cautiously the actions of government, and worry that it might be a precedent that might be used in the future to justify attempts by other governments to force persons out of positions of ownership. It remains to be seen what will transpire.

If you wish to read Prime Minister Barrow's address to the National Assembly on this issue, please feel free to do so at http://www.governmentofbelize.gov.bz/press_release_details.php?pr_id=5613.

*Contributed by Carlo Mason, Managing Director, GCSL Belize
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The Prime Minister of the Cook Islands, Jim Marurai and the Prime Minister of New Zealand, John Key recently signed a Tax Information Exchange Agreement ("TIEA") between the two countries. The signing of the TIEA marks the first ever TIEA the Cook Islands has entered into with another country.

The TIEA provides for full exchange of information on requests in both criminal and civil tax matters and builds upon legislation in both jurisdictions which already provides for mutual assistance in criminal matters. The TIEA reflects both governments' shared commitment to implement Organisation for Economic Cooperation and Development ("OECD") principles of transparency and effective exchange of information, to eliminate harmful tax practices.

Under the terms of the TIEA, the Cook Islands and New Zealand have agreed to provide assistance through the exchange of information including information held by banks and other financial institutions, information regarding the ownership of companies, partnerships, trusts, foundations and ownership information on all such persons in the ownership chain including settlors, beneficiaries, trustees and protectors.

In addition to the TIEA, the Cook Islands and New Zealand governments have signed an agreement on the Allocation of Taxing Rights with Respect to Certain Income of Individuals and to Establish a Mutual Agreement Procedure in Respect of Transfer Pricing Adjustments.

Copies of the agreements will be available on the New Zealand Treasury website at www.taxpolicy.ird.govt.nz

Along with the recent international developments by the Cook Islands in the tax and compliance areas, the Cook Islands has also taken positive steps to develop the off shore industry with the enactment of The Financial Services Development Act 2009. This legislation provides for the establishment of a board which includes representation from Government, trust companies and international banking and insurance representatives ("the Board"). The primary objective of the Board is to encourage, promote and develop the Cook Islands financial services industry so as to achieve sustained growth in a manner which is economically beneficial, socially responsible and reputable. Strategic planning, advising government, liaising between government, industry operators and regulators and promotion of the industry are some of the functions the Board will be attending to. Stephen Breed, a lawyer with vast experience in the industry has been instrumental in the establishment of the Board and sees it as a way to "enable the industry to compete more effectively on the international stage".

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

SAMOA: SIFA AND RENEWALS

SIFA is currently sponsoring a Taekwondo Open and Selection Tournament to choose competitors for the Australian Open Taekwondo competition to be held in Brisbane, Australia from the 1st to the 3rd October 2009. It is a sport that started in 1985 with 25 members and has grown in numbers since the South Pacific Games in 2007. There are 35 registered members ranging from the age of 9 to 19 years of age. SIFA's contribution together with AusAid helped fund new equipment such as mats, chest guards, punching bags, etc. Judo and kick-boxing are some of the sports that will be show-cased on the Tournament day, to help boost their profiles in the hope of gaining more children involved in the sport.

We are fast approaching renewals for all registered companies and advise all our clients that we are in the process of sending out reminders and lists for all companies to be renewed. We appreciate your cooperation and advise us if you have any questions. Please email myself laura@gcsl.info and foumalo@gcsl.info with any queries you might have.

Have a pleasant day from Sunny Samoa!

*Contributed by Laura Fepuleai, Manager, GCSL Samoa
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TIDBITS

OUR MONTHLY QUOTE THAT MADE US SMILE

"The growth model of the past two decades - Americans borrow and spend; Chinese lend and export - is broken for good. Policymakers have been bust stimulating, rather than reforming, in desperate attempts to bring growth back." Andy Xie, Economist.

HOLY SH*T

We have always wondered why people like Cuba, which from what we read stumbles around without hope, from an economic perspective – not baseball - in a previous century. We now are even more dumbfounded as we read that toilet paper will no longer be available to the everyday folk starting very soon due to Cuba's economic crisis coupled, of course, with the Yanks' embargo. Holy sh*t!!!

EXPENSIVE

We recently read about a British businessman of great wealth who bought his wife expensive jewelry every time he cheated on her and, folks, he bought 40 pieces over 26 years totaling GBP300,000!

C'mon now, Cathy, that is what we call marrying well 😊

PUTPOCKETS?

While watching CNN, we were amused by the story of former pickpockets trawling London's streets and slipping money back into pockets of unsuspecting tourists. Trust us, these former naughty persons are really good at this stuff...redemption for bad acts...nah...just fun!!!

SLIP + FALL...AMBULANCE CHASING THOSE NAUGHTY DOLPHINS!

Only in the land of the ambulance chasers could a person sue a zoo because she slipped on water splashed on the floor by dolphins, who apparently were trained to splash away for the entertainment of the visitors. The claim read officials "recklessly and willfully trained and encouraged the dolphins to throw water at the spectators in the stands, making the floor wet and slippery, but failed to post warning signs or lay down protective mats or strips." Quick US\$50,000 for the lady...no doubt the naughty dolphins lost their jobs!

WINNIE THE POOH AN EXTREMIST TOO...

Poor Christopher Robbins would be shocked to learn that Russia's Justice Ministry in Moscow has a list of banned "extremist" material. Winnie the Pooh is now on it. To be precise, depictions of "Winnie the Pooh with a swastika." Please!!!

TAKING ONE FOR THE TEAM!

We were impressed with workers at a crisis-hit boiler factory in France that stripped off for a nude calendar in a bid to save 204 jobs slated for redundancy. You go, fellas, but next time can we have a male and female "Taking One For The Team" editions of the calendar?