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Reach and Grasp

In the field of business administration, whether the role is advisory, includes accountancy or stewardship of assets involving trusts or foundations, it is important to be able to devote sufficient time to the task at hand. Robert Browning, the poet, thought, "Ah, but a man's reach should exceed his grasp"; apt for ambition but fatal for work where a firm grasp is needed no matter how far the reach.

There is one basic, obvious, fact: a business needs profit for survival; but profit can also lead to loss. How can that possibly be? After all, in pursuit of profit there will be those this December whose 2020 new year's resolutions for business will include a determination to work more and make more. The problem with that is that even where business opportunities can perhaps appear limitless, the mind's capacity for concentration is not. Medieval literature is full of appropriate proverbs, many reflective and others humorous. Times may

change, but realities do not. One, in particular, speaks to the subject at hand (and will continue to do so down the centuries): "No one can have a mouth full of flour and also blow on a fire". The dangers of trying to do two things at once are all too clear to the sensible businessman who understands that reputation is a golden chalice which must always stay polished. Reputation is earned by quiet efficiency which in turn needs the collaboration of skilled people. Proficiency and profit go hand in hand, but it is vital to first get your focus, and therefore your priorities, right. Otherwise, you could be left out in the cold like Robert Falcon Scott. Focus was key to the conquest of the South Pole in 1911 by the Norwegian, Roald Amundsen. A previous attempt to be the first person to reach the South Pole by Robert Falcon Scott had ended in heroic failure and he arrived at the pole only to find the Norwegian flag already flying. On Scott's return leg of his journey he and his disillusioned team were caught in a winter blizzard and all perished in the Antarctic snow and dark, despite

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being just a few miles from safety. Whereas Scott was better resourced – he raised more money than Amundsen, had a larger crew with motorised sleds to hand as well as ponies and dogs – his approach was more complex, with one naval officer on board his ship referring to a “disorganised fleet”. By contrast, the Norwegian concentrated on getting the best dogs, the best handlers and the best training. He stayed focused and mastered his list of priorities, never letting his concentration stray. By the time he sank his flag pole into the snow he was ahead of Scott by more than 300 miles. He never reached too far to prevent his hand grasping the flag pole.

The Riptide of Regulation

In these challenging times for international financial services and those who provide them, one needs the attributes I’ve already described like never before. And although it could be said that climate change threatens the world with rising waters which could see some islands sink beneath the waves like Atlantis, equally, the rising waters caused by the changes in the international regulatory climate have had their own deleterious effects. Even if some islands in the Caribbean belonging to Britain do not sink below the waves, much of their financial services might. Not just the Caribbean. In cooler waters surrounding both the Channel Islands and the Isle of Man, for example, the regulatory tide is also rising, all due to the combined efforts of the British government and the European Union. In such circumstances (with apologies to the English poet, John Donne) Manxmen will readily understand that under these conditions no Man is an island, isolated from this riptide of regulation, and that neither time nor tide will wait for either Man or men.

The British Virgin Islands government like all of the British Overseas Territories must answer to the British Crown – and at the same time battle European Union invasiveness – and is under constant pressure to crack down on tax evasion and money laundering. Many accountants and lawyers service some 400,000

companies registered in the BVI and over half of the companies featured in the 2016 Panama Papers revelations were registered there. Out of 237 cases of grand corruption and associated money-laundering that Transparency International analysed in 2018, some 223 (90 per cent) of them involved BVI companies.

Since then new rules brought in by the British parliament will require all British Overseas Territories to ultimately have accessible registers of beneficial owners of companies. The first deadline was December, 2020, but this has since been extended to 2023; one cannot, however, be certain that this is set in concrete. Rising regulatory waters are, however, lapping the shores of Britain’s 5 Caribbean territories and one should note that the BVI financial services sector provides three-fifths of government revenue.

Physician Heal Thyself

What of money laundering and related sins far away from swaying palms and powder-white beaches?

Despite attempts to clean the Augean stable by America’s federal government, Nevada lawfully creates ingenious corporate vehicles, adding further layers of impenetrability, such as trusts that can be advantageously treated as foreign under American law, yet can be recognised as American by foreign regulators and therefore subject to much lighter government supervision by them. Two personalities: shall we call them Doctor Jekyll and Mr. Hide (my deliberate spelling)?

Speaking of doctors, across the Atlantic in Britain is the source of the scandal surrounding Viktor Yanukovych, Ukraine’s disgraced former president. Ownership of the luxurious palace which served as his retreat, and would have been the envy of the late Robert Mugabe and other rapacious African treasury-looting presidents, was traced to the very respectable address of 29, Harley Street in London - a street renowned since the 19th century for its eminent doctors and specialists - before entering into a black hole created in Liechtenstein. In fact, this address in 2018 was found to be the registered



office of over 2,000 companies, some with links to defined “tax havens”, suggestive of the film “The Laundromat” with its more whimsical than factual spin (apologies) on international financial transgressions.

The business operating from Harley Street created 10 million firms during a 16-year period involving jurisdictions from Britain to the Seychelles, some of which were undoubtedly legitimate. Investigations at this Harley Street hideaway in one instance revealed that the corporate ownership trail went dead – literally – because one woman on file, key to the investigation, had been deceased for five years. The doctoring at 29, Harley Street involved privacy rather than patients, and wealth rather than health.

So when draconian due diligence and other deadlines are set for Britain’s Overseas Territories, and America and the European Union rant about “tax havens” in scurrilous terms, they should both be reminded of the proverb, “physician heal thyself”.

The Parisian headquarters of the Organisation for Economic Co-operation and Development is also a contributory factor. Voltaire, referring to finances, once asked: “Have you all truly lost your heads in Paris?” I ask the OECD the same question on behalf of any fellow practitioners trying to reconcile its financial services policies.

A Trustee’s Travails

Julius Nyerere, president of Tanzania in 1980, warned the first prime minister of the Republic of Zimbabwe: “You have inherited a jewel in Africa. Don’t tarnish it”. Those words came to mind as I read some statistics concerning the Panama Canal. During the period January to September, 2019, 469.6 million tons of cargo travelled through the waterway, compared with 442.1 tons during the same period in 2018 (27.5 million tons less). The slightly over 6 per cent increase is a reminder of how this particular jewel (completed by the Americans, more with military than monetary motives in mind) has sparkled by comparison.

I have drawn many lessons from having lived a number of years in both countries about the best laid plans of

mice (should I say, vice) and men. Although the end to conflict at the birth of Zimbabwe was greeted (myself included) with hope and optimism (not dissimilar to Fidel Castro’s rise in Cuba), we were not to know that by raising a new flag we were going to be lowering standards that would lead ultimately to abject economic disaster, with an inflation rate that soared to 500 trillion per cent. Now in Zimbabwe the lion weeps tonight and every night.

By the time Zimbabwe gained independence I was already heading up a bank’s trust department in the Cayman Islands. Unlike my previous occupation of administering more deceased estates than trusts, while managing the Bulawayo branch of a (now) Zimbabwean trust company, I found that I had swapped probate for the mysteries of the offshore trust; in fact, during my several years on Grand Cayman I only administered one deceased estate. I didn’t mind this because executorships usually went beyond the normal tragedies of life, compounded in former Rhodesia by the victims of the terrorist years.

A world away, it was boom time in the Caribbean for trusts and I am the first to acknowledge that regulation was practically non-existent (I would often refer to the Wild West Indies); but even so, it was equally far more straightforward then to manage trusts. Sadly, some regulators operating in the international financial centres still to this day have not kept pace with the trust’s growing complexity, as witnessed by misguided regulations.

Diplomatic Dodgems

Perhaps Panama’s jewel shines too brightly. Just as the Americans were handing back the Canal at the turn of this century, Hong-Kong based Hutchison-Whampoa was awarded port concessions; this at a time when the activities of China in Latin America and the Caribbean were appearing large on America’s political radar screen. Trade in the region with China has grown from US \$12 billion in 2000 to \$278 billion in 2017. Chinese technology is also spreading across the region, including



construction of a deep-space radar installation in Argentina and space observatories in Chile.

America began to twitch, and no more so than when 3 Latin American and Caribbean states which had been traditionally aligned closely with America - Panama, the Dominican Republic and El Salvador – switched diplomatic relations from Taiwan to China with no warning to America.

Some believe that America's century is already over, with international political dynamics rapidly changing, such that the accurate interpretation of foreign cultures becomes essential. Cultural considerations are very important with more countries colliding with each other like bumper cars at a fair. Welcome to diplomatic dodgems. Herman Melville, through his masterpiece "Moby Dick" highlighted the importance of looking beyond one's own culture and his story is, I believe, more about the world than the whale. One could argue that through his writings and the characters in his story he was the first globalist. Not surprisingly, Melville advocated travel to tackle bigotry and broaden the mind. Isolationism and nationalism would have been an anathema for him. Yet that is what we are faced with

now as the 500-year western hold on the world is being dismantled before our eyes.

The Treaty of Versailles was signed in the Hall of Mirrors one hundred years ago this June. Events following the treaty suggest it was done really in a hall of smoke and mirrors; it sowed the seeds for the next world war. The Americans, together with the British and French, had got together and virtually redrew the world's map mostly by themselves. China in 1919, unlike 2019, was largely ignored as an irrelevance and a young British diplomat at the time commented: "It is appalling that these ignorant and irresponsible men should be cutting Asia Minor to bits as if they were dividing a cake". The cake today is much larger than Asia Minor and no one has a knife big enough.

In 1776, at the birth of the American empire and during England's glory days of empire, Edward Gibbon began publishing his masterful "The Decline and Fall of the Roman Empire". In 71 chapters, written superbly, it contains the essence of why all empires come to an end. A new year may be dawning but not for human nature with its frailties.



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Engaging an offshore representative is an important decision and we advise all persons to seek appropriate legal and tax advice from professionals licensed to render such advice in the appropriate jurisdiction before making offshore commitments.