

Tory peer Lord Ashcroft under scrutiny again

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Lord Michael Ashcroft, Conservative Peer and former deputy chairman of the Tory party, is again coming under scrutiny over his dealings with the collapsed Belize building company, Johnston International.

The company won building contracts throughout the Caribbean worth tens of millions of pounds and had interests that stretched across Belize, the Turks and Caicos Islands, Barbados, and Trinidad and Tobago before collapsing with debts of £30 million, leaving many workers without wages.

Although Ashcroft sold the company in 1999, a BBC *Panorama* programme suggested he'd misled the stock market about his links to the firm. The broadcaster had obtained internal company documents showing Johnston's chief executive, Allan Forest, regularly reported to Ashcroft.

Most damning is a note from Forest referring to Johnston's parent company, Oxford Ventures, based in the British Virgin Islands, a tax haven. Forrest wrote, "The perception in Belize is that you are still in full control of Oxford's assets (which you are of course)."

An investigation by a court-appointed liquidator into the connection between Johnston's parent company, a host of interlinked companies and Ashcroft's British Caribbean Bank (BCB) is raising more questions.

The Tory peer has donated more than £10 million to the Conservative Party since the late 1990s. He is spending a small fortune on spin doctors and lawyers to fend off enquiries about his relationship with Johnston. The company and its relationship with politicians in the Turks and Caicos Islands, a British overseas territory, is central in a libel action bought by Ashcroft against the *Independent* newspaper.

This is not the first time Ashcroft has made the headlines. He created a furore in 2005 when he admitted he had paid no tax on his substantial overseas investments in more than 30 years.

The questions swirling around Ashcroft are an

embarrassment to the Tories and could yet turn into a full-blown political crisis for the Tory-Liberal Democrat coalition government.

Ashcroft is a central figure in the British political establishment. In the *Sunday Times* Rich List 2009, he was ranked 37th richest man in the UK, with an estimated fortune of £1.1 billion. He is a close friend of William Hague, the foreign secretary, and Prime Minister David Cameron.

The billionaire is typical of those who have made their fortunes during the last 40 years by gambling on highly speculative investments in the global markets.

The son of a British colonial civil servant, Ashcroft spent his early years in British Honduras (now Belize) and Malawi. He holds a dual British/Belizean passport. He began his career in the asset-stripping days of the early 1970s, buying firms cheap and selling for enormous profits. After working as part of an acquisition team at Prichard Group Services, he left in 1972 to start his own company, Michael Ashcroft Associates.

His first buy was Uni-Kleen, a loss-making company, in 1974 for just £1 and sold three years later for £1.3 million. He purchased Hawley Goodall, a camping equipment manufacturer, and used it to make a number of acquisitions, transforming Hawley into a business services group.

When Belize became an independent country in 1981, Ashcroft saw the opportunity to build an offshore operations base. In 1984, he formed Belize Holdings Inc. (BHI), which became the vehicle for an acquisition spree throughout the 1980s.

In 1981, Hawley had made its first acquisition in the United States. Its total revenues had grown to \$27 million. Five years later, Hawley bought out Ashcroft's former employer, Prichard Services, and its revenues had risen to more than \$1.3 billion.

After buying Crime Control Inc. in Indianapolis for

\$50 million, Hawley was fourth in the US security market. In 1987, it acquired ADT Security Services, the largest electronic security company in the US.

By the end of the 1980s, BHI had become one of the largest holding companies in Belize, via its main operating company, Stargate Ltd. With most of its revenues coming from the North American market, the Bermuda-registered Hawley changed its name to ADT Inc., refocusing its business on security services. In 1997, ADT was sold by a reverse takeover to US conglomerate Tyco International for \$6.7 billion. Ashcroft disposed of large amounts of Tyco stock, but continued as a non-executive director.

Back in Ashcroft's Belize base, in 1987, BHI had led the formation of Belize Bank Holdings (BBH), taking control of Belize Bank from the Royal Bank of Scotland. It became the country's largest institution, controlling 50 percent of the market.

BBH developed local and international interests in facilities services, finance and telecommunications. In 2005, under pressure from the Belize government, BBH restructured, demerging its interests in England and Ireland into a separate company, Carlisle Group Ltd. BBH then renamed itself BCB holdings. The merger of Carlisle Group and Corporate Service Group to form the Impellam Group was announced in May 2008.

A government inquiry into corruption in the Turks and Caicos Islands heard that the company built Belview, a luxury waterfront mansion, for the island's former premier, Michael Misick. To pay for this, Misick, who was forced to resign in 2009 and is fighting multiple corruption allegations, took out loans of almost \$5 million from a Johnston subsidiary. The loans were consolidated into a further loan taken out with BCB Holdings.

The inquiry published a report at the end of 2009. Its chair, Sir Robin Auld, suggested the awarding of "major construction contracts" could be a potential line of inquiry for the authorities, including those "awarded to Johnston International for two new Turks and Caicos Island hospitals, said to have been overpriced and awarded without any appropriate tender process with an initial budget of \$40 million and cost to date \$125 million."

The contracts were awarded by a Canadian health care company. Ashcroft's lawyers claimed Johnston had no direct contact with the island's government over

their allocation. He has insisted he has had no "economic, beneficial or legal interest" interest in Johnston since he sold the company in 1999.

Ashcroft became Belize's ambassador to the United Nations, serving from 1998 to 2000, but his relationship with the government was far from smooth. In 2009, Prime Minister Dean Barrow told parliament, "Ashcroft is an extremely powerful man. His net worth may well be equal to Belize's entire GDP. He is nobody to cross." He also reportedly warned Cameron that relations with Britain would be damaged if Ashcroft were to be given a senior position in government.

In the UK, Ashcroft was a major donor to and treasurer of the Conservative Party from 1998 to 2001. He was later the Tories' deputy chairman. His tenure was marked by controversy over his failure to pay tax in Britain due to his domicile being in Belize.

In the 2006 "Cash for Peerages" scandal, the Tory Party admitted he had loaned it £3.6 million. Donations made by Bearwood Corporate Services, owned by Ashcroft, came under scrutiny by the Electoral Commission. Nevertheless, the Electoral Commission reported back in March 2010 that the donations were "legal and permissible".

Ashcroft has been credited with changing the face of the Conservative Party and making it electable again after 13 years out of power. His 2005 book, *Smell the Coffee*, urged his party to adopt a more populist persona. He is also behind Cameron's political face-lift, seeking to present the wealthy and aristocratic Old Etonian as an affable "everyman" and conceal his hatred of the "lower classes".



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