

UK central to global tax avoidance

# Cameron government implicated in Panama Papers revelations

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The scandal surrounding the leak of the Panama Papers from Mossack Fonseca, the world's fourth biggest offshore law firm, goes to the very heart of the UK government.

In total 11.5 million records were obtained from an anonymous source by Germany's *Süddeutsche Zeitung* and shared with the International Consortium of Investigative Journalists. In the UK the *Guardian* and the BBC are the major sources of revelations disclosing a vast network of tax avoidance using offshore tax havens.

Among the 72 current and former heads of state and hundreds of politicians cited as using offshore accounts are three senior Conservative figures, Lord Michael Ashcroft, Michael Mates and Baroness Pamela Sharples. But by far the most damaging governmental connection is to Prime Minister David Cameron's late father, Ian.

Cameron senior was a director of Blairmore Holdings Inc, a client of Mossack Fonseca. The offshore fund was named after the family's ancestral home in Aberdeenshire and managed tens of millions of pounds on behalf of wealthy families. Its clients included Leopold Joseph, a private bank used by the Rolling Stones, and Isidore Kerman, once an adviser to the disgraced newspaper publisher Robert Maxwell.

Set up in the early 1980s, Blairmore Holdings avoided paying any tax in Britain by being incorporated in Panama and formally conducting its business in the Bahamas. The *Guardian* states that "in 30 years Blairmore has never paid a penny of tax in the UK on its profits."

Cameron's father was one of five UK-based directors until shortly before his death in 2010. A team of six other directors from Switzerland and the Bahamas was recruited to ensure that a majority of the board was based outside Britain. But this was essentially a legal fiction. To this end, board meetings were held every year in Nassau and

Switzerland, often in the five-star Hotel Beau-Rivage in Geneva.

Through the Bahamas branches of Coutts and later SG Hambros, Blairmore retained up to 50 Caribbean officers each year, filling roles such as treasurer and secretary and including as vice president for a time the late Solomon Humes, a lay bishop with the Church of God of Prophecy. In reality, all big investment decisions appear to have been taken in London, according to the documentary record, where the investment management firm Smith & Williamson and five of the directors including Cameron senior were based.

Blairmore was controlled using what are known as "bearer shares," which do not carry the name of the owner and which means that no other official record of ownership is required. "Though legal, bearer shares have been abolished in many countries because they have been used by mobsters and tax evaders for money laundering," the *Guardian* writes.

A decision was only taken in 2005 to replace bearer shares with traditional shares where the owners are named in a register. In 2012, Blairmore moved from Panama to Ireland, which has a notoriously low corporate tax rate and a reputation for poor financial oversight.

Cameron yesterday told the press that he owns no shares in the fund, but did not state whether he benefits from it in any other way and said nothing about his family. His father left £2.74 million in his will, with the prime minister receiving £300,000.

In total, six Tory members of the House of Lords, three ex-MPs, as well as dozens of donors have had offshore assets administered by Mossack Fonseca.

Belize Corporate Services (BCS), a subsidiary of former party donor and MP Lord Ashcroft's BCB Holdings, "began using Mossack Fonseca to provide shell

corporations for its clients in 2006 when Ashcroft was in the House of Lords,” it was reported. In response, Ashcroft’s spokesman, Alan Kilkenny, said that allegations he had “partnered” or “done business” with Mossack Fonseca were “entirely false” and that records had been “falsified.”

Michael Mates, Northern Ireland minister under Conservative Prime Minister John Major in 1992/93, chaired a company, Haylandale Limited, created in the Bahamas and registered with Mossack Fonseca.

Pamela Sharples, a life peer, is named as a shareholder and one-time director of Nunswell Investments Limited, which was also based in the Bahamas—though Sharples’ lawyers state that when she first became a director in 2000 the company was registered in the UK.

HM Revenue and Customs has asked to see the leaked documents to see whether any illegal tax evasion has taken place.

The government finally banned the use of bearer shares in the UK last year. In a speech in Singapore July 28, Cameron pledged to tackle “the corrupt, criminals and money launderers” who take advantage of anonymous company structures by setting up a central register of what are known as the “beneficial owners”—i.e., the real “ultimate” owners of UK companies by June this year.

“London is not a place to stash your dodgy cash,” he said. “The challenge I am laying down for every country today is to root out the rot of corruption—to ensure transparency over what your own companies are doing; require transparency for foreign companies in your country too and work with us to spread this approach to transparency around the world.”

Comment on such bombast is hardly necessary, but reports are that little progress has been made and that few UK Crown Dependencies and Overseas Territories have taken any steps towards greater transparency.

Cameron’s position is made worse still by the fact that next month he is due to host and chair a major summit of world leaders, charities and other NGOs supposedly to encourage more tax transparency and clampdown on offshore tax havens.

The personal involvement of governmental figures is only the tip of an iceberg of global financial corruption, which means that most of the richest people in the world pay little or no tax and which centres on the UK.

Mossack Fonseca, nominally Panamanian, operates in 42 countries, and focuses on tax havens including the British Virgin Islands, and in the British crown dependencies Guernsey, Jersey and the Isle of Man. More

than half of the 300,000 firms listed as its clients were registered in British-administered tax havens or in the UK itself. Britain is second only to Hong Kong in a list of international jurisdictions where the most banks, law firms and middlemen associated with Mossack Fonseca formally operate.

The BBC’s “Panorama” on Monday noted as examples of the impact on Britain that 100,000 UK properties are owned by offshore companies. It cited how just one, in fashionable Islington, was sold by Nicholas Hague through an offshore company so that he paid no tax on the £1 million profit.

More serious still, Chris Hudson, a property developer and the owner of 100,000 British homes, helped finance the building of the Willesden Centre for Health and Care in north-west London in a Public Private Partnership deal involving taxpayers’ cash. He set up the Yarrow foundation in Panama, which records show transferred €85,000 into his personal account and made available €115,000 to buy a Boeing 747 jumbo jet. *Panorama* cited a statement by Mossack Fonseca that it was a “responsible” member “of the global finance and business community,” before contrasting this to a memo, written by one partner in Spanish, stating that “95 percent of our work consists in selling vehicles to avoid taxes.”

Mossack Fonseca is in any case not an aberration, but a fitting representative of the “community” represented by the financial oligarchy—wholly unaccountable, wholly parasitic. Its continued domination of economic and political life is antithetical to the interests of the broad mass of working people in the UK and internationally.



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