

4. (a) Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period? Yes No

If yes, furnish the following information:

Name Position Date connection ended

SEE ATTACHED PAGES

(b) Have any persons become partners, officers, directors or similar officials during this 6 month reporting period? Yes No

If yes, furnish the following information:

Name Residence address Citizenship Position Date assumed

SEE ATTACHED PAGES

5. (a) Has any person named in item 4(b) rendered services directly in furtherance of the interests of any foreign principal? Yes No

If yes, identify each such person and describe his service.

(b) Have any employees or individuals, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting period? Yes No

If yes, furnish the following information:

Name Position or connection Date terminated
Kim Rooney Lawyer 8/31/09
Nicole McMahan Lawyer 4/17/09

(c) During this 6 month reporting period, has the registrant hired as employees or in any other capacity, any persons who rendered or will render services to the registrant directly in furtherance of the interests of any foreign principal(s) in other than a clerical or secretarial, or in a related or similar capacity? Yes No

If yes, furnish the following information:

Name Residence address Citizenship Position Date assumed

6. Have short form registration statements been filed by all of the persons named in Items 5(a) and 5(c) of the supplemental statement? Yes No

If no, list names of persons who have not filed the required statement.

Not Applicable

II - FOREIGN PRINCIPAL

7. Has your connection with any foreign principal ended during this 6 month reporting period?

Yes No

If yes, furnish the following information:

Name of foreign principal

Kingdom of Jordan

Date of termination

April 1, 2009

8. Have you acquired any new foreign principal² during this 6 month reporting period?

Yes No

If yes, furnish the following information:

Name and address of foreign principal

Date acquired

9. In addition to those named in Items 7 and 8, if any, list foreign principals² whom you continued to represent during the 6 month reporting period.

The Great Socialist People's Libyan Arab Jamahiriya
Isle of Man
States of Jersey
States of Guernsey

10. **EXHIBITS A AND B**

(a) Have you filed for each of the newly acquired foreign principals in Item 8 the following:

Exhibit A³ Yes No
Exhibit B⁴ Yes No

If no, please attach the required exhibit.

(b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during the 6 month period? Yes No

If yes, have you filed an amendment to these exhibits? Yes No

If no, please attach the required amendment.

² The term "foreign principal" includes, in addition to those defined in Section 1(b) of the Act, an individual organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign government, foreign political party, foreign organization or foreign individual. (See Rule 100(a)(9).) A registrant who represents more than one foreign principal is required to list in the statements he files under the Act only those principals for whom he is not entitled to claim exemption under Section 3 of the Act. (See Rule 208.)

³ The Exhibit A, which is filed on Form NSD-3 (Formerly CRM-157), sets forth the information required to be disclosed concerning each foreign principal.

⁴ The Exhibit B, which is filed on Form NSD-4 (Formerly CRM-155), sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

III - ACTIVITIES

11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 7, 8, and 9 of this statement? Yes No

If yes, identify each such foreign principal and describe in full detail your activities and services:
SEE ATTACHED PAGE

12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity⁵ as defined below? Yes No

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates and places of delivery, names of speakers and subject matter.
SEE ATTACHED SCHEDULES

13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits any or all of your foreign principals? Yes No

If yes, describe fully.

⁵ The term "political activities" means any activity that the person engaging in believes will, or that the person intends to, in any way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

IV - FINANCIAL INFORMATION

14. (a) RECEIPTS - MONIES

During this 6 month reporting period, have you received from any foreign principal named in Items 7, 8, or 9 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise? Yes No

If no, explain why.

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies⁶.

| Date | From whom | Purpose | Amount |
|--------------------|-----------|---------|--------|
| SEE ATTACHED PAGES | | | |

Total

(b) RECEIPTS - FUND RAISING CAMPAIGN

During this 6 month reporting period, have you received, as part of a fund raising campaign⁷, any money on behalf of any foreign principal named in items 7, 8, or 9 of this statement? Yes No

If yes, have you filed an Exhibit D⁸ to your registration? Yes No

If yes, indicate the date the Exhibit D was filed. Date _____

(c) RECEIPTS - THINGS OF VALUE

During this 6 month reporting period, have you received any thing of value⁹ other than money from any foreign principal named in Items 7, 8, or 9 of this statement, or from any other source, for or in the interests of any such foreign principal? Yes No

If yes, furnish the following information:

| Name of foreign principal | Date received | Description of thing of value | Purpose |
|---------------------------|---------------|-------------------------------|---------|
|---------------------------|---------------|-------------------------------|---------|

^{6, 7} A registrant is required to file an Exhibit D if he collects or receives contributions, loans, money, or other things of value for a foreign principal, as part of a fund raising campaign. (See Rule 201(e).)

⁸ An Exhibit D, for which no printed form is provided, sets forth an account of money collected or received as a result of a fund raising campaign and transmitted for a foreign principal.

⁹ Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

(b) DISBURSEMENTS – THINGS OF VALUE

During this 6 month reporting period, have you disposed of anything of value¹⁰ other than money in furtherance of or in connection with activities on behalf of any foreign principal named in Items 7, 8, or 9 of this statement?

Yes No

If yes, furnish the following information:

| Date disposed | Name of person to whom given | On behalf of what foreign principal | Description of thing of value | Purpose |
|---------------|------------------------------|-------------------------------------|-------------------------------|---------|
|---------------|------------------------------|-------------------------------------|-------------------------------|---------|

(c) DISBURSEMENTS – POLITICAL CONTRIBUTIONS

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value¹¹ in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?

Yes No

If yes, furnish the following information:

| Date | Amount or thing of value | Name of political organization | Name of candidate |
|------|--------------------------|--------------------------------|-------------------|
|------|--------------------------|--------------------------------|-------------------|

^{10, 11} Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks" and the like.

V - INFORMATIONAL MATERIALS

16. During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any informational materials¹²?
Yes No

IF YES, RESPOND TO THE REMAINING ITEMS IN SECTION V.

17. Identify each such foreign principal.

Isle of Man

States of Jersey

States of Guernsey

18. During this 6 month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating informational materials? Yes No

If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of informational materials include the use of any of the following:

- Radio or TV broadcasts
- Magazine or newspaper articles
- Motion picture films
- Letters or telegrams
- Advertising campaigns
- Press releases
- Pamphlets or other publications
- Lectures or speeches
- Internet
- Other (specify) meetings and e-mail.

20. During this 6 month reporting period, did you disseminate or cause to be disseminated informational materials among any of the following groups:

- Public officials
- Newspapers
- Libraries
- Legislators
- Editors
- Educational institutions
- Government agencies
- Civic groups or associations
- Nationality groups
- Other (specify) _____

21. What language was used in the informational materials:

- English
- Other (specify) _____

22. Did you file with the Registration Unit, U.S. Department of Justice a copy of each item of such informational materials disseminated or caused to be disseminated during this 6 month reporting period? Yes No

SEE ATTACHED

23. Did you label each item of such informational materials with the statement required by Section 4(b) of the Act? Yes No

¹² The term informational materials includes any oral, visual, graphic, written, or pictorial information or matter of any kind, including that published by means of advertising, books, periodicals, newspapers, lectures, broadcasts, motion pictures, or any means or instrumentality of interstate or foreign commerce or otherwise. Informational materials disseminated by an agent of a foreign principal as part of an activity in itself exempt from registration, or an activity which by itself would not require registration, need not be filed pursuant to Section 4(b) of the Act.

VI – EXECUTION

In accordance with 28 U.S.C. §1746, the undersigned swear(s) or affirm(s) under penalty of perjury that he/she has (they have) read the information set forth in this registration statement and the attached exhibits and that he/she is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his/her (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in the attached Short Form Registration Statement(s), if any, insofar as such information is not within his/her (their) personal knowledge.

(Date of signature)

(Type or print name under each signature¹³)

October 30, 2009



Anthony F. Kahn

¹³ This statement shall be signed by the individual agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions, if the registrant is an organization, except that the organization can, by power of attorney, authorize one or more individuals to execute this statement on its behalf.



U.S. Department of Justice
National Security Division

Washington, DC 20530

THIS FORM IS TO BE AN OFFICIAL ATTACHMENT TO YOUR CURRENT SUPPLEMENTAL
STATEMENT - PLEASE EXECUTE IN TRIPLICATE

SHORT-FORM REGISTRATION INFORMATION SHEET

SECTION A

The Department records list active short-form registration statements for the following persons of your organization filed on the date indicated by each name. If a person is not still functioning in the same capacity directly on behalf of the foreign principal, please show the date of termination.

Short Form List for Registrant: White & Case, LLP

| Last Name | First Name and Other Names | Registration Date | Termination Date | Role |
|---------------------------|----------------------------|-----------------------|------------------|--------|
| Cohen (Smutny) | Abby P. | 04/09/1991 | 4/1/09 | |
| Erb | Nicole | 06/03/2003 | | |
| Lamm | Carolyn Beth | 04/09/1981 | | |
| Rooney | Kim | 06/03/2003 | 8/31/09 | LAWYER |
| Smith | Anne D. | 03/01/1985 | | |
| Sutton | Alastair | 11/15/2005 | | |
| Al-Louzi | Sami | 05/31/2006 | | |
| McMahon | Nicole | 05/31/2006 | 4/17/09 | LAWYER |
| Carlisle | Linda E. | 10/26/2007 | | |
| Curran | Christopher | 11/05/2007 | | |
| McCullough | Katherine | 05/06/2008 | | |
| Gilbert | Daniel R. | 05/06/2008 | 4/1/09 | |
| Nunneley | Devon | 05/06/2008 | | |
| Moloo | Rahim | 05/06/2008 | 4/1/09 | |
| Steven | Lee A. | 05/06/2008 | 4/1/09 | |
| Lanning | Geoffrey B. | 05/06/2008 | | |
| Lee | Adams C. | 10/02/2008 | | |
| Ritcey-Donohue | Joanna | 10/02/2008 | | |
| Delelle | Claire | 10/31/2008 | | |

NSD/CES/REGISTRATION
UNIT
2009 NOV -4 AM 8:44



U.S. Department of Justice

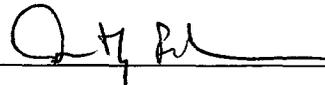
National Security Division

Washington, DC 20530

SECTION B

In addition to those persons listed in Section A, list below all current employees rendering services directly on behalf of the foreign principals(s) who have not filed short-form registration statements. (Do not list clerks, secretaries, typists or employees in a similar or related capacity). If there is some question as to whether an employee has an obligation to file a short-form, please address a letter to the Registration Unit describing the activities and connection with the foreign principal.

| Name | Function | Date Hired |
|------|----------|------------|
| NONE | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Signature:  Date: October 30, 2009

Title: Partner - Member of Executive Committee

NSD/CES/REGISTRATION
UNIT
2009 NOV -4 AM 8:44

Item 4(a)

**WHITE & CASE LLP
PARTNER DEPARTURES
April 1, 2009 - September 30, 2009**

| <u>LOCATION</u> | <u>NAME</u> | <u>DEPARTURE DATE</u> |
|-----------------|-----------------------------|-----------------------|
| Hong Kong | ROONEY, KIM M. | 08/31/09 |
| New York | DUFNER, DANIEL G. | 04/30/09 |
| Palo Alto | HISCOX, FRANK | 04/17/09 |
| Los Angeles | HOLMAN, BRIAN | 08/31/09 |
| Palo Alto | KEEFE, HEIDI | 08/28/09 |
| Palo Alto | LAMBERT, MARK F. | 08/28/09 |
| Los Angeles | MILLARD, NEAL S. | 08/31/09 |
| New York | MOSKIN, JONATHAN | 07/07/09 |
| New York | ORINGER, ANDREW | 04/26/09 |
| New York | PARELLA, SHARON | 07/31/09 |
| New York | QUSBA, SANDEEP | 04/03/09 |
| Los Angeles | TROST, GLENN | 05/15/09 |
| Palo Alto | WEINSTEIN, MARK | 08/28/09 |
| London | CAUNT, ANDREW | 08/18/09 |
| London | CROXFORD, ANDREW | 08/18/09 |
| Paris | DE LA LAURENCIE, JEAN-PATRI | 04/02/09 |
| London | HAMILTON, DAN | 09/18/09 |
| London | HARPER, DEAN | 08/31/09 |
| London | HATFIELD, RACHEL A. | 04/15/09 |
| Johannesburg | JANKS, JOHN | 05/31/09 |
| London | JEVEONS, TIM | 07/01/09 |
| London | MILLER, SHAWNA | 06/30/09 |
| London | PAISLEY, KATHLEEN | 09/10/09 |
| London | UFLAND, LORRAINE | 08/18/09 |

Total Partner Departures: 24

NSD/CES/REGISTRATION
 UNIT
 2009 NOV -4 AM 8:44

Item 4(b)

**WHITE & CASE LLP
NEW PARTNERS
April 1, 2009 - September 30, 2009**

=====

| <u>NAME</u> | <u>PARTNERSHIP DATE</u> | <u>CITIZENSHIP</u> | <u>RESIDENCE ADDRESS</u> |
|--------------------|-----------------------------|--------------------|--|
| HERSHMAN, SCOTT E. | 04/22/09 | UNITED STATES | 113 EAST 35TH STREET NEW YORK, NY 10016 UNITED STATES |
| LITTLE, GREGORY G. | 04/22/09 | UNITED STATES | 157 EAST 74TH STREET APT. 3C NEW YORK, NY 10021 UNITED STATES |

Total New Partners: 2

WHITE & CASE LLP
PARTNER ADDRESS CHANGES LISTING
April 1, 2009 - September 30, 2009

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| <u>NAME</u> | <u>ADDRESS</u> | <u>CHANGE DATE</u> |
|-----------------|--|--------------------|
| ALLCHURCH, KATE | 12 TREVOSE CRESCENT SINGAPORE, 29802 SINGAPORE | 06/11/09 |
| ARORA, MONICA | 400 W. 55TH STREET NEW YORK, NY 10017 UNITED STATES | 04/30/09 |
| BAEHR, BINER | STEFFENSTRASSE. 7 DUESSELDORF, 40545 GERMANY | 05/01/09 |
| BARTA, IVO | TROJSKA 215 PRAGUE 7 - TROJA, 170 0 CZECH REPUBLIC | 06/12/09 |
| BEASLEY, ADRIAN | 48 KINGFISHER HOUSE BATTERSEA REACH LONDON, SW181 UNITED KINGDOM | 08/05/09 |
| BECKER, DAVID | #11 RUT STREET APT. 5 JERUSALEM, 93101 ISRAEL | 06/23/09 |
| BELLHOUSE, JOHN | 25 HIPPODROME MEWS LONDON, W114N UNITED KINGDOM | 08/12/09 |
| BERGER, HENNING | REICHSHOFER STR. 7 BERLIN, 14195 GERMANY | 06/12/09 |
| BLOOM, JONATHAN | 29 LANGTON STREET LONDON, SW100 UNITED KINGDOM | 04/14/09 |
| BRAZIL, JOSEPH | 545 WEST 110TH STREET APT. 5F NEW YORK, NY 10025 UNITED STATES | 08/25/09 |
| CARLISLE, LINDA | 3131 CONNECTICUT AVENUE N.W. APT. 2511 WASHINGTON, DC 20008 UNITED STATES | 08/06/09 |

WHITE & CASE LLP
PARTNER ADDRESS CHANGES LISTING
April 1, 2009 - September 30, 2009

=====

| <u>NAME</u> | <u>ADDRESS</u> | <u>CHANGE DATE</u> |
|--------------------|--|--------------------|
| CHEN, GUAN FENG | UNIT 9A SOUTH TOWER 8 RESIDENCE BEL-AIR 38 BEL-AIR AVENUE ISLAND SOUTH HONG KONG, HONG KONG | 06/23/09 |
| CUNNINGHAM, JOHN | 2523 TIGERTAIL AVENUE MIAMI, FL 33133 UNITED STATES | 06/09/09 |
| DERHALLI, HAZEM | 666 GREENWICH STREET APT. 530 NEW YORK, NY 10014 UNITED STATES | 08/27/09 |
| ELLIS, KENNETH | 11015 GIRASOL AVENUE CORAL GABLES, FL 33156 UNITED STATES | 04/03/09 |
| GABEL, DETLEV | DEUTSCHHERRNUFER 42 FRANKFURT, 60594 GERMANY | 07/29/09 |
| HEATHER, THOMAS | 1ER. RETORNO DE SIERRA ITAMBE NO. 315 COL. REAL DE LAS LOMAS MEXICO D.F., 11920 MEXICO | 07/23/09 |
| HERSHMAN, SCOTT | 113 EAST 35TH STREET NEW YORK, NY 10016 UNITED STATES | 05/01/09 |
| JI, SANG | 47 HARVEY DRIVE SHORT HILLS, NJ 07078 UNITED STATES | 05/13/09 |
| KAUTZ, MATTHEW | 4 INTERLAKEN DRIVE EASTCHESTER, NY 10709 UNITED STATES | 08/19/09 |
| KIRSCHNER, WILLIAM | 1A ONE TREE HILL #10-02 ONE TREE HILL RESIDENCE SINGAPORE, 24866 SINGAPORE | 06/11/09 |
| KREJCI, KVETOSLAV | VEZENSKA 8 PRAGUE 1 OLD TOWN, 11000 CZECH REPUBLIC | 04/30/09 |
| KREPPPEL, ULF | PRINZEREGETENSTRASSE 74 MUNICH, 81675 GERMANY | 04/28/09 |

WHITE & CASE LLP
PARTNER ADDRESS CHANGES LISTING
April 1, 2009 - September 30, 2009

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| <u>NAME</u> | <u>ADDRESS</u> | <u>CHANGE DATE</u> |
|--------------------------|---|--------------------|
| LITTLE, GREGORY | 157 EAST 74TH STREET APT. 3C NEW YORK, NY 10021 UNITED STATES | 04/24/09 |
| MARTIN, JUAN | BOSQUE DE ALERCES 631 BOSQUE DE LAS LOMAS MEXICO, 11700 MEXICO | 06/12/09 |
| MCALILEY, THOMAS | 3941 MIDWAY STREET MIAMI, FL 33133 UNITED STATES | 06/24/09 |
| MELNIKAS, MAYA | 54 2ND TVERSKAYA-YAMSKAYA STR. APT. 129 MOSCOW, 12531 RUSSIA | 06/12/09 |
| PARBHU, JOSHUA | 102 ABBEVILLE ROAD LONDON, SW4 9 UNITED KINGDOM | 04/09/09 |
| PINKUSIEWICZ, TOMER | 133 WEST 22ND STREET APT. 9B NEW YORK, NY 10011 UNITED STATES | 06/22/09 |
| SANTENS, ANK | 10 NORMANDY ROAD LARCHMONT, NY 10538 UNITED STATES | 08/31/09 |
| SEPULVEDA COSIO, EUGENIO | DON QUIJOTE 108 CORTIJO DEL VALLE MEXICO D.F., 66275 MEXICO | 06/12/09 |
| SHUM, JOHN | FLAT 7H BLOCK 15A LAGUNA VERDE HUNG HOM, HONG KONG | 06/23/09 |
| SUZUKI, MIKA | 4-4-802 SUMIYOSHI-CHO SHINJUKU-KU, 162-0 JAPAN | 08/12/09 |
| TENNANT, DAVID | 425 PARK AVENUE FALLS CHURCH, VA 22046 UNITED STATES | 08/06/09 |

WHITE & CASE LLP
PARTNER ADDRESS CHANGES LISTING
April 1, 2009 - September 30, 2009

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| <u>NAME</u> | <u>ADDRESS</u> | <u>CHANGE DATE</u> |
|-------------------------|--|--------------------|
| TORNKVIST, TANJA | HARJUTIE APT. 3 B 1 ESPOO, 02730 FINLAND | 06/12/09 |
| TRAN THIET, JEAN-PAUL | 234 RUE DU FAUBOURG SAINT-HONORE PARIS, 75008 FRANCE | 06/12/09 |
| WELLS, CHRISTOPHER | ARK TOWERS WEST #2102 1-3-40 ROPPONGI TOKYO, 106-0 JAPAN | 06/12/09 |
| YILDIRIM OZTURK, MEHTAP | YILDIZEVLER MAH. 737 SK. NO: 4/1 EGE BOTANIK KONUTLARI A. BLOK CANKAYA ANKARA, 06550 TURKEY | 07/01/09 |

Item 11

During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 7, 8, and 9 of this statement?

Isle of Man

-General legal representation

States of Jersey

-General legal representation

States of Guernsey

-General legal representation

Great Socialist People's
Libyan Arab Jamahiriya

-The Registrant has provided legal services in connection with pending or threatened U.S. litigation against the foreign principal. These legal services have included communications with U.S. government officials related to U.S. litigation and civil enforcement matters. The Registrant has also advised the foreign principal regarding public relations issues related to U.S. litigation matters.

States of Jersey
Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|---|------------------------------|---|
| 8/12/2009 | Mr. Douglas W. O'Donnell, CPA Director, Treaty Administration and International Coordination Internal Revenue Service | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Kase W. Jubboori, Esq. Tax Counsel House Ways and Means Committee | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Rosanne Bland, Esq. Counsel Multistate Tax Commission | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Mr. Elliot J. Dubin Director, Policy Research Multistate Tax Commission | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Nicholas A. Wyatt, Esq. Tax Counsel Senate Finance Committee | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Allen Huffman, Esq, Tax Counsel/Deputy Legislative Director | Letter | Jersey - Tax Information Exchange Agreements Update |

States of Jersey
Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|---|------------------------------|---|
| | Office of Senator Byron Dorgan | | |
| 8/5/2009 | Ryan McCormick, Esq. Tax Counsel Office of Senator Bill Nelson | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Elise J. Bean, Esq. Staff Director & Chief Counsel Permanent Subcommittee of Investigations | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Aharon J. Friedman, Esq. Tax Counsel House Ways & Means Committee | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | John Harrington, Esq. International Tax Counsel Department of the Treasury | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Gregory S. Matson, Esq. Deputy Director Multistate Tax Commission | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Thomas A. Barthold Chief of Staff Joint Committee on Taxation | Letter | Jersey - Tax Information Exchange Agreements Update |

States of Jersey
Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|--|------------------------------|---|
| 8/5/2009 | Kristine A. Roth, Esq. Legislation Counsel Joint Committee on Taxation | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Cyndi Lafuente, Esq. Legislation Counsel Joint Committee on Taxation | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Brion D. Graber, Esq. Legislation Counsel Joint Committee on Taxation | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Kevin. M. Levingston Accountant Joint Committee on Taxation | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | David L. Lenter, Esq. Legislation Counsel Joint Committee on Taxation | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Kristeen Witt, Esq. Visiting Counsel Joint Committee on Taxation | Letter | Jersey - Tax Information Exchange Agreements Update |

States of Jersey
Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|---|------------------------------|---|
| 8/5/2009 | Mr. James R. White Director, Tax Issues Strategic Issues Team Government Accountability Office | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Robert L. Roach, Esq. Counsel & Chief Investigator Permanent Subcommittee on Investigations | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Timothy R. Terry, Esq. Counsel Permanent Subcommittee on Investigations | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Aruna Kalyanam, Esq. Tax Counsel House Way & Means Committee | Letter | Jersey - Tax Information Exchange Agreements Update |

Item 12

Item 12

Isle of Man

Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|------------------------|---|-------------------------------------|--|
| 7/8/2009 | Thomas Barthold Chief of Staff Joint Committee of Taxation | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |
| 7/8/2009 | Aharon Friedman Republican Tax Counsel House Ways & Means Committee | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |
| 7/8/2009 | Jeffrey Ziarko, Esq. Tax Legislative Counsel Representative Sander M. Levin | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |
| 7/8/2009 | Melissa Mueller, Esq. Tax Counsel Rep. Richard E. Neal Chairman House Subcommittee on Select Revenue Measures | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |

Item 12

Isle of Man

Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|---|------------------------------|--|
| 7/8/2009 | Aruna Kalyanam, Esq. Tax Counsel (Majority) Kase Jubboori, Esq. Tax Counsel (Majority) | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |
| 7/8/2009 | Robert L. Roach, Esq. Counsel & Chief Investigator Permanent Subcommittee on Investigations Timothy R. Terry, Esq. Counsel (Republican) Permanent Subcommittee on Investigations | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |
| 7/9/2009 | John Harrington, Esq. International Tax Counsel Department of the Treasury | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |
| 7/9/2009 | <u>Ryan McCormick, Esq.</u> Tax Counsel Senator Bill Nelson (D-Florida) | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |
| 7/9/2009 | Mary Baker & David Hughes Senate Finance Committee Tax Counsel To Chairman Max Baucus (D-Montana) Nicholas Wyatt Republican Tax Advisor | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |

Item 12

Isle of Man

Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|--|------------------------------|--|
| | to Ranking Member Charles Grassley (R-Iowa) | | |
| 7/9/2009 | Allen Huffman, Esq. Tax Counsel/Deputy Legislative Director Senator Byron L. Dorgan (D-North Dakota) | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |
| 7/10/2009 | Joe Huddleston, Esq. Executive Director Multistate Tax Commission | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |
| 7/10/2009 | William F. Baity Deputy Director FINCEN Kari L. Heebink Regional Specialist International Programs Division Financial Crimes Enforcement Network | In Person | Delegation Visit - Advising Facts about the regulation of its financial service industry |

Item 12

States of Guernsey
Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|--|------------------------------|---|
| 5/5/2009 | Joe Huddleston, Esq. Executive Director Multistate Tax Commission | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |
| 5/5/2009 | Ryan McCormick, Esq. Tax Counsel Senator Bill Nelson | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |
| 5/5/2009 | Aruna Kalyanam, Esq. & Kase Jubboori, Esq Tax Counsel (Majority) House Way & Means Committee | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |
| 5/5/2009 | Edward D. Kleinbard, Esq. Chief of Staff Joint Committee on Taxation | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |
| 5/5/2009 | Joshua D. Odintz, Esq. Tax Counsel (Majority) Senate Finance Committee | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |
| 5/6/2009 | Melissa Mueller, Esq. Tax Counsel Rep. Richard E. Neal | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |

Item 12

**States of Guernsey
Schedule of Contacts with U.S. Government Officials involving Political Activities**

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|---|------------------------------|---|
| 5/6/2009 | Aharon Friedman, Esq. Tax Counsel (Minority) Ways & Means Committee | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |
| 5/6/2009 | John Harrington, Esq. International Tax Counsel Department of the Treasury | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |
| 5/6/2009 | Jeffrey Ziarko, Esq. Tax Legislative Counsel | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |
| 5/6/2009 | Robert L. Roach, Esq. Counsel & Chief Investigator Permanent Subcommittee on Investigations | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |
| 5/6/2009 | Ross K. Kirschner Counsel Permanent Subcommittee on Investigations | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |
| 5/7/2009 | Allen Huffman Tax Counsel to | In Person | Guernsey - MTC model statute and the "Stop Tax Haven Abuse Act" |

Item 12

States of Guernsey
Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|---|------------------------------|---|
| | Senator Byron Dorgan | | |
| 5/15/2009 | Robert L. Roach, Esq. Counsel & Chief Investigator Permanent Subcommittee on Investigations | E-mail | Guernsey - Thank you letter re: meeting on 5/6/2009 |
| 5/15/2009 | Allen Huffman Tax Counsel Senator Bryon L. Dorgan | E-mail | Guernsey - Thank you letter re: meeting on 5/7/2009 |
| 5/15/2009 | Jeffrey Ziarko, Esq. Representative Sander M. Levin Tax Legislative Counsel | E-mail | Guernsey - Thank you letter re: meeting on 5/6/2009 |
| 5/15/2009 | Hon. Sander M. Levin Member of Congress | E-mail | Guernsey - Thank you letter re: meeting on 5/6/2009 |
| 5/15/2009 | Ryan McCormick, Esq. Tax Counsel Senator Bill Nelson | E-mail | Guernsey - Thank you letter re: meeting on 5/5/2009 |
| 5/15/2009 | Nicholas A. Wyatt Tax Adviser Senate Finance Committee | E-mail | Guernsey - Thank you letter re: meeting on 5/5/2009 |

Item 12

**States of Guernsey
Schedule of Contacts with U.S. Government Officials involving Political Activities**

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|--|------------------------------|---|
| 5/15/2009 | Joshua D. Odintz, Esq. Tax Counsel Senate Finance Committee | E-mail | Guernsey - Thank you letter re: meeting on 5/5/2009 |
| 5/15/2009 | Joe Huddleston, Esq. Executive Director Multistate Tax Commission Gregory S. Matson, Esq. Deputy Director Multistate Tax commission Mr. Elliott J. Dubin Director, Policy Research Multistate Tax Commission | E-mail | Guernsey - Thank you letter re: meeting on 5/5/2009 |
| 5/15/2009 | John Harrington, Esq. International Tax Counsel Department of the Treasury | E-mail | Guernsey - Thank you letter re: meeting on 5/6/2009 |
| 5/15/009 | Aharon J. Friedman, Esq. Tax Counsel Ways & Means Committee | E-mail | Guernsey - Thank you letter re: meeting on 5/5/2009 |
| 5/15/2009 | Melissa Mueller, Esq. | E-mail | Guernsey - Thank you letter re: meeting on 5/6/2009 |

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**States of Guernsey
Schedule of Contacts with U.S. Government Officials involving Political Activities**

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|---|------------------------------|---|
| | Tax Counsel Rep. Richard E. Neal | | |
| 5/15/2009 | Edward D. Kleinbard, Esq. Chief of Staff Joint Committee on Taxation Thomas A. Barthold Deputy Chief of Staff Joint Committee on Taxation Brion D. Graber, Esq. Legislation Counsel Joint Committee on Taxation Cyndi Lafuente, Esq. Legislation Counsel Joint Committee on Taxation Kevin M. Levingston Accountant Joint Committee on Taxation Emily S. McMahon, Esq. Deputy Chief of Staff Joint Committee on Taxation | E-mail | Guernsey - Thank you letter re: meeting on 5/5/2009 |
| 5/15/2009 | Aruna Kalyanam, Esq. Tax Counsel | E-mail | Guernsey - Thank you letter re: meeting on 5/5/2009 |

Item 12

States of Guernsey
Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|---|------------------------------|--|
| | Ways & Means Committee Kase W. Jubboori, Esq. Tax Counsel Ways & Means Committee | | |
| 8/5/2009 | Joe Huddleston, Esq. Executive Director Multistate Tax Commission | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/5/2009 | Gregory S. Matsdon, Esq. Deputy Director Multistate Tax Commission | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/5/2009 | Mr. Elliot J. Dubin Director, Policy Research Multistate Tax Commission | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/5/2009 | Nicholas A. Wyatt, Esq. Tax Counsel Senate Finance Committee | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/5/2009 | Ryan McCormick, Esq. Tax Counsel Office of Senator Bill Nelson | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |

Item 12

**States of Guernsey
Schedule of Contacts with U.S. Government Officials involving Political Activities**

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|---|------------------------------|--|
| 8/5/2009 | Aruna Kalyanam, Esq. Tax Counsel House Ways & Means Committee | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/5/2009 | Kase W. Jubboori, Esq. Tax Counsel House Ways & Means Committee | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/5/2009 | Thomas A. Barthold Chief of State Joint Committee on Taxation | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/5/2009 | Brion D. Graber, Esq. legislation Counsel Joint Committee on Taxation | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/5/2009 | Cyndi Lafuente, Esq. Legislation Counsel Joint Committee on Taxation | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/8/2009 | Kevin M. Levingston Accountant Joint Committee on Taxation | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/8/2009 | Emily S. McMahon, Esq. | Letter | Guernsey - re: Tax Information Exchange Agreement |

Item 12

**States of Guernsey
Schedule of Contacts with U.S. Government Officials involving Political Activities**

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|---|------------------------------|--|
| | Deputy Chief of Staff Joint Committee on Taxation | | with New Zealand signed on July 22, 2009 |
| 8/8/2009 | Melissa Mueller, Esq. Tax Counsel Office of Congressman Richard E. Neal | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/8/2009 | Aharon J. Friedman, Esq. Tax Counsel House Ways & Means Committee | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/8/2009 | John Harrington, Esq. Internatinal Tax Consel Department of Treasury | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/8/2009 | Jeffrey Ziarko, Esq. Tax Legislation Counsel Office of Congressman Sander M. Levin | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/8/2009 | Robert L. Roach, Esq. Counsel & Chief Investigator Permanent Subcommittee on Investigations | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |
| 8/28/2009 | Ross K. Kirschner, Esq. Counsel | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |

Item 12

States of Guernsey
Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|------------------------|---|-------------------------------------|--|
| | Permanent Subcommittee on Investigations | | |
| 8/8/2009 | Allen Huffman, Esq. Tax Counsel/Deputy Legislative Director Office of Senator Bryon L. Dorgan | Letter | Guernsey - re: Tax Information Exchange Agreement with New Zealand signed on July 22, 2009 |

States of Jersey
Schedule of Contacts with U.S. Government Officials involving Political Activities

| Date of Contact | Name & Title of U.S. Government Official Contacted | Manner in which Contact made | Description of Subject Matter Discussed |
|-----------------|--|------------------------------|---|
| 8/12/2009 | Mr. Douglas W. O'Donnell, CPA Director, Treaty Administration and International Coordination Internal Revenue Service | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Kase W. Jubboori, Esq. Tax Counsel House Ways and Means Committee | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Rosanne Bland, Esq. Counsel Multistate Tax Commission | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Mr. Elliot J. Dubin Director, Policy Research Multistate Tax Commission | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Nicholas A. Wyatt, Esq. Tax Counsel Senate Finance Committee | Letter | Jersey - Tax Information Exchange Agreements Update |
| 8/5/2009 | Allen Huffman, Esq, Tax Counsel/Deputy Legislative Director | Letter | Jersey - Tax Information Exchange Agreements Update |

Item 14(a)

Foreign Agent Registration Act

| CLIENT NAME | DATE | FEES RECEIVED | PURPOSE |
|--------------------|-------------|----------------------|----------------|
| Tenex | 5/6/2009 | 38,054.00 | Legal Work |
| | 6/17/2009 | 7,707.00 | Legal Work |
| | 7/6/2009 | 3,915.00 | Legal Work |
| | 8/6/2009 | 11,834.50 | Legal Work |
| | 9/2/2009 | 35,974.80 | Legal Work |
| | 9/30/2009 | 23,962.50 | Legal Work |
| Tenex | 4/9/2009 | 7,326.00 | Legal Work |
| | 4/20/2009 | 3,887.00 | Legal Work |
| | 5/6/2009 | 840.00 | Legal Work |
| | 6/17/2009 | 2,829.00 | Legal Work |
| | 6/25/2009 | 12,817.00 | Legal Work |
| | 8/5/2009 | 712.50 | Legal Work |
| | 8/26/2009 | 16,948.37 | Legal Work |
| | 8/31/2009 | 984.00 | Legal Work |
| | 9/30/2009 | 43,064.00 | Legal Work |
| Libya | 5/4/2009 | 137,607.20 | Legal Work |

Item 14(a)

Foreign Agent Registration Act

| CLIENT NAME | DATE | FEE RECEIVED | FEE RECEIVED IN US DOLLARS | PURPOSE |
|--------------------|-------------|---------------------|---------------------------------------|----------------|
| States of Guernsey | 4/21/2009 | € 12,831.10 | 16,729 | Legal Work |
| | 5/7/2009 | € 27,218.50 | 37,768 | Legal Work |
| | 6/26/2009 | € 82,992.62 | 115,161 | Legal Work |
| | 7/30/2009 | € 62,236.99 | 88,533 | Legal Work |
| Isle of Mann | 8/6/2009 | € 43,192.42 | 61,976 | Legal Work |
| | 9/17/2009 | € 15,756.04 | 23,055 | Legal Work |
| States of Jersey | 5/14/2009 | € 60,249.34 | 83,602 | Legal Work |
| | 5/18/2009 | € 11,602.53 | 16,099 | Legal Work |
| | 5/20/2009 | € 11,660.00 | 16,179 | Legal Work |
| | 6/22/2009 | € 18,564.55 | 26,087 | Legal Work |
| | 7/21/2009 | € 12,248.95 | 17,423 | Legal Work |
| | 9/2/2009 | € 15,331.26 | 22,433 | Legal Work |

Note - These fees were received by the registrant in Euros. For purposes of this filing, we have converted them to US dollars, using the Registrants average exchange rate for each month

Item 15 (a)

Item 15(a)

Foreign Agents Registration Act

| Client Name | Date | Disbursements received | Purpose | Date of Travel | Traveller Name | Destination | Purpose of Travel |
|-------------|---------|------------------------|----------------|----------------|----------------|-------------|------------------------|
| Libya | 5/18/09 | \$958 | Travel | 12/10/2008 | C. Curran | New York | Attend A Court Hearing |
| | 5/18/09 | \$11,435 | Office Expense | | | | |

Notes:

1. Office expenses include: binding, fax, filing fees, photocopy, postage, local taxi, telephone, computer legal research, and secretarial services
2. There were no US Government officials or media representatives for whom travel or entertainment expenses were incurred or were guests of the Registrant.

Item 15 (a)

Item 15(a)

Foreign Agents Registration Act

| <u>Client Name</u> | <u>Date</u> | <u>USD Collected</u> | <u>Purpose</u> | <u>Date of Travel</u> | <u>Traveller name</u> | <u>Destination</u> | <u>Purpose of Travel</u> |
|--------------------|-------------|--------------------------|----------------|---------------------------|---------------------------|--------------------|--------------------------|
| States of Guernsey | 4/29/09 | \$ 469 | Travel | 2/18/2009 | A. Sutton | Belgium | Meet with Client |
| | 5/5/09 | \$ 1,450 | Office Expense | | | | |
| | 5/5-5/7/09 | \$ 1,548 | Travel | 5/5-5/7/09 | L. Carlisle | DC | Meet with Client |
| Isle of Man | 4/6/09 | \$ 1,374 | Travel | 3/10/2009 | A. Sutton | Isle of Man | Meet with Client |
| | 5/12/09 | \$ 75 | Office Expense | | | | |
| | 7/8-7/10/09 | \$ 1,355 | Office Expense | | | | |
| States of Jersey | 8/5/09 | \$ 3,358 | Office Expense | | | | |

Notes:

1. Office expenses include: binding, fax, filing fees, photocopy, postage, local taxi, telephone, computer legal research, and secretarial services
2. There were no US Government officials or media representatives for whom travel or entertainment expenses were incurred or were guests of the Registrant.

SECTION V – INFORMATIONAL MATERIALS

Copy of materials disseminated by the Registrant on behalf of The States of Jersey
To Treasury, State Department and Congressional Committees on the tax and financial
systems of the State of Jersey via US mails as indicated in item 12.

White & Case LLP
701 Thirteenth Street, NW
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August 12, 2009

Mr. Douglas W. O'Donnell, CPA
Director, Treaty Administration and International Coordination
Internal Revenue Service
1111 Constitution Avenue, NW
SE:LM:INTL:TAIC
Washington, DC 20221

Dear Doug:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

As was mentioned in our meeting in March, Jersey is working to conclude TIEA negotiations with Italy, Canada and Spain and has invited many other nations to enter into TIEA negotiations.

Attached are press releases issued by Jersey and New Zealand on the TIEA.

If you have any questions about this material or Jersey, please contact me at (202) 626-3666 or lcarlisle@whitecase.com

Sincerely,



Linda E. Carlisle

LEC:jw

Attachment



JERSEY FINANCE

VOICE OF THE INTERNATIONAL FINANCE CENTRE

Member News

Jersey Finance Admin News

Chief Minister's Dept. - Tax Agreement with New Zealand

Monday 27th July 2009

Jersey's Chief Minister has today signed a Tax Information Exchange Agreement with New Zealand, as part of the Island's ongoing commitment that began with Jersey's first TIEA signed with the USA in 2002.

Senator Terry Le Sueur signed the agreement with the New Zealand High Commissioner to the United Kingdom, Mr Derek Leask, at the New Zealand High Commission in London. Senator Le Sueur said: "New Zealand has joined other jurisdictions in welcoming Jersey as a member of the community of nations committed to international cooperation and information exchange on tax matters and has affirmed that Jersey will be treated accordingly by the New Zealand authorities. This agreement is further evidence of our willingness to support the G20 and other international initiatives. This includes our willing compliance with international standards of financial regulation, anti-money laundering and combating the financing of terrorism.

"In a letter to the British Prime Minister, after the G20 Summit in April, I stated that Jersey intended to reinforce its position on the OECD "white list" of countries that have substantially implemented the internationally agreed tax standard by the signing of more TIEAs. Today's agreement signed with New Zealand is an important contribution to this ongoing process."

With the agreement with New Zealand, Jersey will have signed 15 TIEAs, 13 of which are with OECD Member States. Jersey is close to signing a TIEA with Italy and is working to complete the negotiations with Canada and Spain. Jersey has also extended an invitation to enter into TIEA negotiations to the G20 countries that are not OECD members and to the remaining OECD member countries.

Note to Editors:

For more information please contact Colin Powell, Adviser – International Affairs on 44(0)1534 440414 or 07797 750734; or Senator Terry Le Sueur on 44(0)1534 440401 or 07797 718798.

The TIEA with New Zealand will come into force when both parties have completed their domestic procedures.

In addition to the TIEA, New Zealand and Jersey have signed an agreement for 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 whereby New Zealand and Jersey have agreed to introduce measures that will encourage the free movement of individuals and trade between the two countries.

Following the entry into force of the agreements, New Zealand and Jersey will continue to examine what measures could be adopted to further enhance their political and economic relationship, including the further examination of other undesired tax barriers.

Jersey has already signed tax information exchange agreements with the USA (2002), the Netherlands (2007), the seven Nordic countries (Denmark, The Faroes, Finland, Greenland, Iceland, Norway and Sweden (2008), Germany (2008), Ireland (2009), France (2009), the United Kingdom (2009) and Australia (2009).

tax matters

► 28 July 2009

Hon Peter Dunne
Minister of Revenue

MEDIA STATEMENT

Tax info agreements with Jersey, Isle of Man

New Zealand has signed Tax Information Exchange Agreements with Jersey and the Isle of Man, Revenue Minister Peter Dunne announced today.

The signing of both agreements took place at a ceremony in London overnight New Zealand time.

"I welcome the signing of these latest Tax Information Exchange Agreements, which will help to encourage greater co-operation between tax authorities," Mr Dunne said.

"Tax Information Agreements are bilateral international treaties that establish a mechanism by which tax authorities can request tax records, business books and accounts, bank information, ownership information, and other tax-related information from each other for purposes of preventing tax avoidance and evasion.

"In recent months there have been an increasing numbers of TIEAs signed, all over the world, as growing numbers of financial centres agree to adopt OECD and United Nations standards for exchange of tax-related information.

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[Inland Revenue](#)
[The Treasury](#)
[VUW Tax Working Group](#)

"These are the fourth and fifth such agreements that New Zealand has signed since March, and others are under negotiation," he said.

The new Tax Information Exchange Agreements with Jersey and the Isle of Man will come into force once both countries have given legal effect to them.

Both agreements are available at www.taxpolicy.ird.govt.nz.

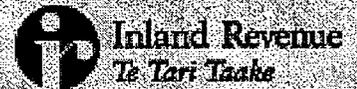
Media contact: Mark Stewart, Press Secretary, 021 243 6985

[[Back to News](#)]

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Policy Advice is a division of the [New Zealand Inland Revenue Department](#).



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August 5, 2009

Kase W. Jubboori, Esq.
Tax Counsel
House Ways and Means Committee
1102 Longworth House Office Building
Washington, DC 20515

Dear Kase:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

As was mentioned in our meeting in March, Jersey is working to conclude TIEA negotiations with Italy, Canada and Spain and has invited many other nations to enter into TIEA negotiations.

Attached are press releases issued by Jersey and New Zealand on the TIEA.

If you have any questions about this material or Jersey, please contact me at (202) 626-3666 or lcarlisle@whitecase.com

Sincerely,



Linda E. Carlisle

LEC:jw

Attachment

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Washington, DC 20005

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Fax +1 202 639 9355
www.whitecase.com

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August 5, 2009

Roxanne Bland, Esq.
Counsel
Multistate Tax Commission
444 North Capitol Street, NW
Suite 425
Washington, DC 20001

Dear Roxanne:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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If you have any questions about this material or Jersey, please contact me at (202) 626-3666 or lcarlisle@whitecase.com

Sincerely,



Linda E. Carlisle

LEC:jw

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Direct Dial + 202 626-3666 Direct Facsimile + 202 639-9355 lcarlisle@whitecase.com

August 5, 2009

Mr. Elliot J. Dubin
Director, Policy Research
Multistate Tax Commission
444 North Capitol Street, NW
Suite 425
Washington, DC 20001

Dear Elliot:

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If you have any questions about this material or Jersey, please contact me at (202) 626-3666 or lcarlisle@whitecase.com

Sincerely,



Linda E. Carlisle

LEC:jw

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August 5, 2009

Nicholas A. Wyatt, Esq.
Tax Counsel
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20515

Dear Nick:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Attached are press releases issued by Jersey and New Zealand on the TIEA.

If you have any questions about this material or Jersey, please contact me at (202) 626-3666 or lcarlisle@whitecase.com

Sincerely,



Linda E. Carlisle

LEC:jw

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August 5, 2009

Allen Huffman, Esq.
Tax Counsel/Deputy Legislative Director
Office of Senator Byron Dorgan
322 Hart Senate Office Building
Washington, DC 20510

Dear Allen:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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If you have any questions about this material or Jersey, please contact me at (202) 626-3666 or lcarlisle@whitecase.com

Sincerely,



Linda E. Carlisle

LEC:jw

Attachment

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August 5, 2009

Ryan McCormick, Esq.
Tax Counsel
Office of Senator Bill Nelson
720 Hart Senate Office Building
Washington, DC 20510

Dear Ryan:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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August 5, 2009

Elise J. Bean, Esq.
Staff Director & Chief Counsel
Permanent Subcommittee on Investigations
199 Russell Senate Office Building
Washington, DC 20510

Dear Elise:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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August 5, 2009

Aharon J. Friedman, Esq.
Tax Counsel
House Ways and Means Committee
1102 Longworth House Office Building
Washington, DC 20515

Dear Aharon:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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August 5, 2009

John Harrington, Esq.
International Tax Counsel
Department of Treasury
Room 3054
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear John:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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August 5, 2009

Gregory S. Matson, Esq.
Deputy Director
Multistate Tax Commission
444 North Capitol Street, NW
Suite 425
Washington, DC 20001

Dear Gregory:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Linda E. Carlisle

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August 5, 2009

Thomas A. Barthold
Chief of Staff
Joint Committee on Taxation
1015 Longworth House Office Building
Washington, DC 20515

Dear Tom:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Linda E. Carlisle

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August 5, 2009

Kristine A. Roth, Esq.
Legislation Counsel
Joint Committee on Taxation
1015 Longwoth House Office Building
Washington, DC 20515

Dear Kristine:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Linda E. Carlisle

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August 5, 2009

Cyndi Lafuente, Esq.
Legislation Counsel
Joint Committee on Taxation
1015 Longwoth House Office Building
Washington, DC 20515

Dear Cyndi:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 5, 2009

Brion D. Graber, Esq.
Legislation Counsel
Joint Committee on Taxation
1015 Longwoth House Office Building
Washington, DC 20515

Dear Brion:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 5, 2009

Kevin M. Levingston
Accountant
Joint Committee on Taxation
1015 Longwoth House Office Building
Washington, DC 20515

Dear Kevin:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Linda E. Carlisle

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August 5, 2009

David L. Lenter, Esq.
Legislation Counsel
Joint Committee on Taxation
1015 Longwoth House Office Building
Washington, DC 20515

Dear David:

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Sincerely,



Linda E. Carlisle

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August 5, 2009

Kristeen Witt, Esq.
Visiting Counsel
Joint Committee on Taxation
1015 Longwoth House Office Building
Washington, DC 20515

Dear Kristeen:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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August 5, 2009

Mr. James R. White
Director, Tax Issues
Strategic Issues Team
Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Jim:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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August 5, 2009

Robert L. Roach, Esq.
Counsel & Chief Investigator
Permanent Subcommittee on Investigations
199 Russell Senate Office Building
Washington, DC 20510

Dear Bob:

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August 5, 2009

Timothy R. Terry, Esq.
Counsel
Permanent Subcommittee on Investigations
199 Russell Senate Office Building
Washington, DC 20510

Dear Tim:

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August 5, 2009

Aruna Kalyanam, Esq.
Tax Counsel
House Ways and Means Committee
1102 Longworth House Office Building
Washington, DC 20515

Dear Aruna:

In keeping with our commitment to keep you informed of Jersey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion, I am pleased to inform you that Jersey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 27, 2009. This is the 15th TIEA signed by Jersey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

LEC:jw

Attachment

SECTION V – INFORMATIONAL MATERIALS

Copy of materials disseminated by the Government of the States of Guernsey to Treasury, State Department and Congressional Committees via handout during meetings on the tax and financial systems of the States of Guernsey which were attended by the Registrant as indicated in item 12.



May 2009

Guernsey Should Not Be Blacklisted

Senator Byron Dorgan (D-ND) introduced legislation (the “Bill”) in the 110th Congress that would treat certain controlled foreign corporations established in “tax haven countries” as domestic corporations for U.S. tax purposes. Under the Bill, a controlled foreign corporation that is established in a “tax haven country” and that is not engaged in a real and active business in the tax haven country would be treated as a domestic corporation. The purpose of the Bill, as explained in Senator Dorgan’s introductory statement, is to prevent U.S. corporations from shifting profits to corporations formed in offshore jurisdictions where the foreign corporation is not engaged in a real and active business.

The Bill lists 41 jurisdictions as “tax haven countries.” The list in the bill is based on a list issued by the Organisation for Economic Co-operation and Development (“OECD”) in 2000 of 41 jurisdictions that exhibited the characteristics of a tax haven set forth in the OECD’s 1998 Report entitled “Harmful Tax Competition: An Emerging Global Issue.” Since 2000, the OECD has not updated this list to reflect changes in the tax laws or practices of these jurisdictions. In 2005, the OECD acknowledged that the 2000 list is an evaluation of which countries met the criteria of a tax haven in 2000 and that the list has not been updated. The OECD further noted that if a country chooses to create a list of tax havens, it should do so based on the relevant current facts.

The 2000 OECD list is the only list of “tax havens” that the OECD has published. The 2000 list is now nine years old, does not reflect current facts, and cannot be relied upon to accurately identify jurisdictions that currently exhibit the characteristics of a tax haven.

On April 2, 2009, the OECD issued a progress report on jurisdictions surveyed by the OECD Global Forum in which Guernsey is listed alongside the United States and the United Kingdom as having substantially implemented the current OECD internationally agreed tax standard. This tax standard requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. The report also lists jurisdictions identified by the OECD as tax havens in 2000, financial centers and other jurisdictions that have not substantially implemented the current OECD tax standard.

Given the latest evaluation by the OECD, Guernsey respectfully suggests that if Senator Dorgan reintroduces legislation that lists “tax haven countries,” the only appropriate OECD list to use is the 2009 OECD list, including tax havens that were identified in the 2000 OECD list, that have not substantially implemented the current OECD tax standard. Thus, a jurisdiction, such as Guernsey, which the OECD has specifically identified as having substantially implemented the internationally agreed tax standard, would not be unfairly stigmatized and treated as a tax haven solely on the basis of having been included on the outdated 2000 OECD list of tax havens.

NSD/CES/REGISTRATION
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May 2009

Guernsey Is Not an Offshore Secrecy Jurisdiction

I. The Stop Tax Haven Abuse Act (S. 506/H.R. 1265).

The recently introduced Stop Tax Haven Abuse Act (the “Bill”) names 34 jurisdictions as “offshore secrecy jurisdictions.” The list of 34 jurisdictions is taken from a “John Doe” summons issued in 2006 by a court that did not determine that the listed countries were “tax havens” or “bank secrecy jurisdictions.”

A jurisdiction on the “blacklist” can be removed from the list if the Treasury Secretary determines that the jurisdiction either: (i) does not have “corporate, business, bank or tax secrecy rules and practices,” including formal laws and regulations and informal government or business practices, which, in the judgment of the Treasury Secretary, unreasonably restrict the ability of the United States to obtain information relevant to the enforcement of U.S. tax laws; or (ii) has “effective information exchange practices,” *i.e.*, has a treaty or other information exchange agreement with the United States that provides for the “prompt, obligatory, and automatic” exchange of information that in practice is adequate to prevent evasion or avoidance of U.S. income tax by U.S. persons and is not blacklisted as uncooperative with international tax enforcement or information exchange by an inter-governmental group of which the United States is a member.

II. Guernsey Does Not Meet the Bill’s Criteria of an Offshore Secrecy Jurisdiction.

A. Guernsey does not have bank secrecy laws or business practices.

Guernsey has no bank secrecy laws and has never had such policies. Guernsey prohibits the issuance of bearer shares. Guernsey’s anti-money laundering, combating the financing of terrorism (“AML/CFT”) regulations require the identification and verification of the beneficial owners and other underlying principals to business relationships and transactions. Guernsey also requires the appointment of a resident agent of a company to ascertain the identity of the persons who are the beneficial owners of members’ interests in that company.

The Guernsey Financial Services Commission (“GFSC”), which was established in 1988, licenses and regulates banks, insurers and insurance intermediaries, investment firms, trust companies, company administrators and professional company directors providing directorship services by way of business in Guernsey. Guernsey also was one of the first (and is today one of the few) jurisdictions in the world to regulate trust and company service providers in a manner consistent with the regulation of banks, investment firms and insurance providers. When establishing a trust relationship, a financial services business that acts as a trustee must identify and verify the identity of its customer and any beneficial owner and underlying principal,

including: the settlor(s); protector(s) or co-trustee(s); and any beneficiary with a vested interest or any person who is, to the best of the trustee's knowledge, likely to benefit from the trust.

The GFSC also operates Guernsey's Registry for banks, fiduciaries, insurers and investments. The (newly formed) Guernsey Company Registry operates the registry for companies. Notwithstanding any confidentiality laws, the GFSC and Company Registry are authorized to disclose the information they collect to competent authorities in and outside Guernsey.

On April 2, 2009, the Organisation for Economic Co-operation and Development ("OECD") issued a progress report on the jurisdictions surveyed by the OECD Global Forum, utilizing the current OECD tax standard that requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. This report lists Guernsey alongside the United States and the United Kingdom as having substantially implemented the internationally agreed tax standard as now determined by the OECD. The report also lists those jurisdictions that have not substantially implemented the tax standard.

B. Guernsey does not have rules or practices that unreasonably restrict the ability of the United States to obtain information relevant to the enforcement of U.S. tax laws.

Since 2006, a tax information exchange agreement ("TIEA") has been in force between Guernsey and the United States that allows the United States to obtain information needed to enforce its tax laws. Guernsey has adopted regulations to implement its collection of information pursuant to the TIEA, providing the authority to require persons to provide documents, tax information, and evidence of residential status with respect to other persons who the Comptroller has reason to believe may have failed, or may fail, to comply with U.S. tax laws. The implementing regulations also provide for the judicial enforcement of the Comptroller's requests. Since the TIEA between Guernsey and the United States entered into force, Guernsey has responded positively and promptly to all requests received from the United States under the TIEA. See Appendix A for a letter from IRS Deputy Commissioner Barry Shott commending Guernsey for its efforts in obtaining information requested under the TIEA. See also Section 2 for a template that Guernsey worked with the IRS to create for the United States to use to expedite TIEA requests.

III. Conclusions.

Given the latest evaluation by the OECD, Guernsey respectfully suggests that if the Bill must include a list of "offshore secrecy jurisdictions," the only appropriate list to follow is the list most recently issued by the OECD, the leading global authority on international tax practices, of jurisdictions that have not substantially implemented the OECD standard for the effective exchange of tax information.



May 2009

Multistate Tax Commission Proposed Model Statute For Combined Reporting Should Be Revised To Reflect the Latest OECD List

The Multistate Tax Commission has drafted a Proposed Model Statute for Combined Reporting (the “Model Statute”) for state lawmakers to use as a template in enacting tax legislation. The Model Statute generally requires reporting on a worldwide combined basis, but allows a “water’s edge election” that generally applies to unitary members incorporated in the United States. The water’s edge election, however, would also include unitary members incorporated outside the United States that are “doing business in a tax haven.” The Model Statute defines a “tax haven” to mean a jurisdiction that during the taxable year in question either:

- (i) is identified by the Organisation for Economic Co-operation and Development (the “OECD”) as a tax haven or as having a harmful preferential tax regime;” or
- (ii) exhibits certain specified characteristics of a tax haven or a jurisdiction having a harmful preferential tax regime.

In 2000, the OECD published a list of 41 jurisdictions that exhibited the characteristics of a tax haven set forth in the OECD’s 1998 Report entitled “Harmful Tax Competition: An Emerging Global Issue.” Since 2000, the OECD has not updated this list to reflect changes in the tax laws or practices of these jurisdictions. In 2005, the OECD acknowledged that the 2000 list is an evaluation of which countries met the criteria of a tax haven in 2000 and that the list has not been updated. The OECD further noted that if a country chooses to create a list of tax havens, it should do so based on the relevant current facts.

The 2000 OECD list is the only list of “tax havens” that the OECD has published. The 2000 list is now nine years old, does not reflect current facts, and cannot be relied upon to accurately identify jurisdictions that currently exhibit the characteristics of a tax haven or a jurisdiction with harmful preferential tax regime. Guernsey respectfully suggests that the definition of a “tax haven” in the Model Statute be revised so that it no longer relies on the outdated 2000 OECD list of tax havens, and defines a tax haven simply as a jurisdiction that exhibits the characteristics of a tax haven or a jurisdiction with a harmful preferential tax regime, as specified in the current version of the Model Statute. Guernsey would not be a tax haven under such a revised definition.

On April 2, 2009, the OECD issued a progress report on jurisdictions surveyed by the OECD Global Forum in which Guernsey is listed alongside the United States and the United Kingdom as having substantially implemented the current OECD internationally agreed tax

standard. This tax standard requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. The report also lists jurisdictions identified by the OECD as tax havens in 2000, financial centers and other jurisdictions that have not substantially implemented the current OECD tax standard.

If it is determined that it is necessary for the Model Statute to define a tax haven by reference to whether the OECD has identified the jurisdiction as a tax haven, we suggest that the only appropriate OECD list to use is the 2009 OECD list of jurisdictions, including tax havens that were identified in the 2000 OECD list, that have not substantially implemented the current OECD tax standard. Thus, a jurisdiction, such as Guernsey, which the OECD has specifically identified as having substantially implemented the internationally agreed tax standard, would not be unfairly stigmatized and treated as a tax haven solely on the basis of having been included on the outdated 2000 OECD list of tax havens.



**STATES OF GUERNSEY
DELEGATION VISIT TO WASHINGTON, D.C.
BACKGROUND MATERIALS**

MAY 2009

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BACKGROUND MATERIALS**

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Appendix B – Progress Report on Jurisdictions Surveyed by the OECD Global Forum in Implementing The Internationally Agreed Tax Standard, published by the OECD on 2nd April 2009 following the G20 London Summit.

Appendix C - Statement for the Record – House Ways and Means Subcommittee on Select Revenue Measures Hearing “Banking Secrecy Practices and Wealthy American Taxpayers,” 31 March 2009.

Appendix D - Statement for the Record -- Senate Finance Committee Hearing “Offshore Tax Evasion: Stashing Cash Overseas,” 3 May 2007.

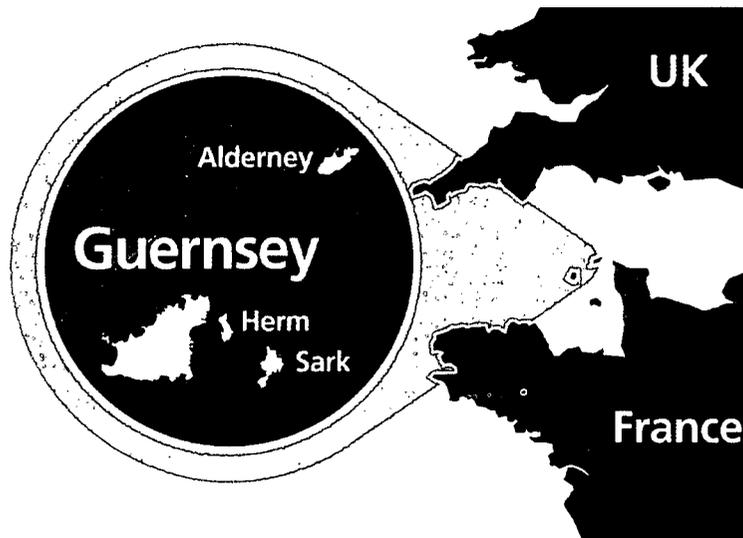
Appendix E - Letter from Deputy Assistant Treasury Secretary (International Tax Affairs) Michael Mundaca to General Accountability Office Director (Tax Issues) James R. White in relation to the lack of a universally accepted list of “tax havens,” December 2008.

Appendix F – Biographies of Lyndon Trott, Chief Minister of Guernsey; Mike Brown, Chief Executive of Guernsey; Jonathan Hooley, Adviser – External Affairs (International Tax Matters).

SECTION 1: GENERAL INFORMATION

a. GEOGRAPHY

Guernsey is situated in the English Channel about 30 miles from the French coast and 70 miles to the south of England. Guernsey covers an area of 24 square miles and has a population of about 62,000.



b. HISTORY

Guernsey's links to the British Crown date from a time when it formed part of the Duchy of Normandy. In 1066, William, Duke of Normandy (The Conqueror) also became King of England and although the Duchy lands were later lost by King John to become incorporated into the then Kingdom of France in 1204, Guernsey remained loyal to the British Crown. That loyalty has remained to the present day.

c. CONSTITUTIONAL STATUS AND GOVERNMENT

Guernsey is a dependency of the British Crown (being neither part of the United Kingdom or Great Britain) and enjoys full independence, except for international relations and defence, which are the responsibility of the British Crown through the United Kingdom Government. It has its own parliament called the States of Deliberation.

The British Crown retains ultimate responsibility for the good government of the Bailiwick acting through the Privy Council. The United Kingdom's Secretary of State for Justice is the member of

the Privy Council primarily concerned with the affairs of Guernsey and is the channel of communication between the Bailiwick, the British Crown and the United Kingdom Government.

Guernsey is not represented in the United Kingdom Parliament and Acts of Parliament do not apply automatically to it.

Guernsey's formal special relationship with the European Union (E.U.) is set out in Protocol 3 to the United Kingdom's Treaty of Accession. The effect of this Protocol is that Guernsey is within the Common Customs Area and the Common External Tariff of the European Community, and consequently enjoys access to Member States for physical exports of agricultural and industrial products without tariff barriers. However, the remaining provisions of the E.U. Treaties do not apply to Guernsey and therefore for all purposes other than Customs it is effectively a "third country".

The States of Deliberation is Guernsey's legislative assembly. It comprises the Bailiff (Chief Judge) as ex-officio Presiding Officer, 45 People's Deputies, 2 Representatives of the States of Alderney, and the 2 Law Officers of the British Crown.

The People's Deputies are elected by universal adult suffrage. Guernsey is divided into 7 constituencies, each electing either 6 or 7 members. The Alderney representatives are elected annually by the States of Alderney. The States of Deliberation sit for a term of 4 years after which there is a general election, the next of which is due in April 2012.

d. **ECONOMY**

Guernsey has a strong and diverse economy, which includes financial services, light industry, horticulture and tourism. Guernsey's position in the English Channel encouraged its development as a trading community long before its development as a finance centre. That development occurred naturally rather than as a result of governmental decisions to create Guernsey as an international finance centre. It was an attractive place to conduct financial business because of its long history of commercial activity, its political and economic stability, and its relatively low income tax regime (for more detail please refer to section 2a). Other factors have more recently contributed to this activity, including the development of a skilled and experienced workforce, good communications links and, in particular, a sophisticated and responsive judicial system. Allied to this is a responsive approach of Guernsey's government to assist and encourage reputable business, and to embrace and apply developing international standards of regulation and conduct to such business.

While the economy continues to be predominantly service-sector driven, the financial services sector is most prominent and very much tied to global markets. This sector is based on a balanced range of providers broadly comprising: banking; investment funds; insurance; fiduciary services (trust and company administration); pensions and employee benefits; and accountancy and legal services. It has its own independent stock exchange (the Channel Islands Stock Exchange) and a training facility with programmes tailored to the needs of its financial services sector. Businesses work with an independent regulator, the Guernsey Financial Services Commission ("GFSC"). Guernsey is committed to meeting international standards.

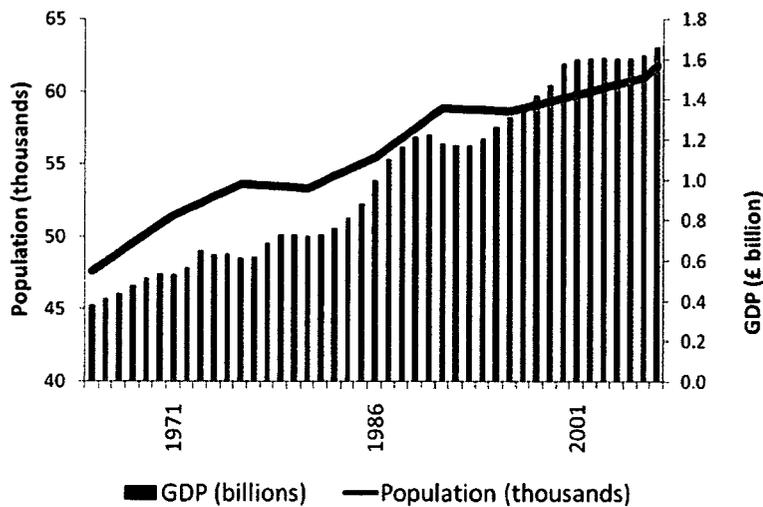
e. FACTS AND FIGURES

Snapshot of the economy:

- Total GDP 2007: £2bn (approx \$3bn)
- Average 10 year GDP growth: 2%
- Average earnings: £30,400 (approx \$44,400)
- Average household Income: £41,000 (approx \$60,000)

Historical Data:

Chart 1: GDP and Population Growth



Recent Economic Indicators:

- Population: 61,811
- Inflation (retail) in March 2009: -1.2%
- Workforce: 31,930
- Unemployment: 1.2%

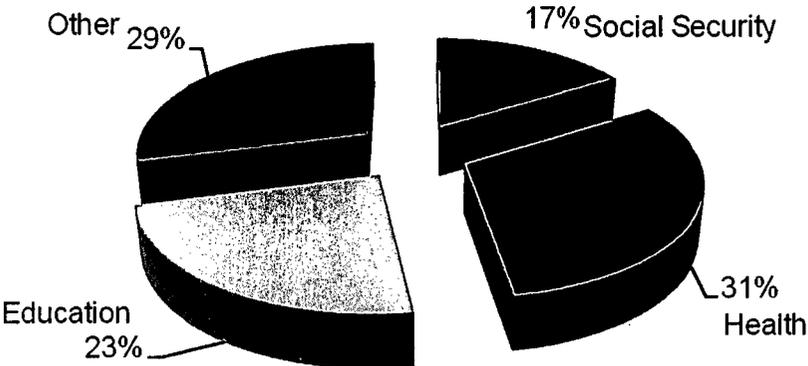
Financial Services Sector

- Financial services employment accounts for 24.1% of Guernsey's total workforce.
- Financial services accounts for 35.2% of Guernsey's GDP.
- There are 47 licensed banks, 369 licensed insurers (international) and 339 cells of protected cell companies.

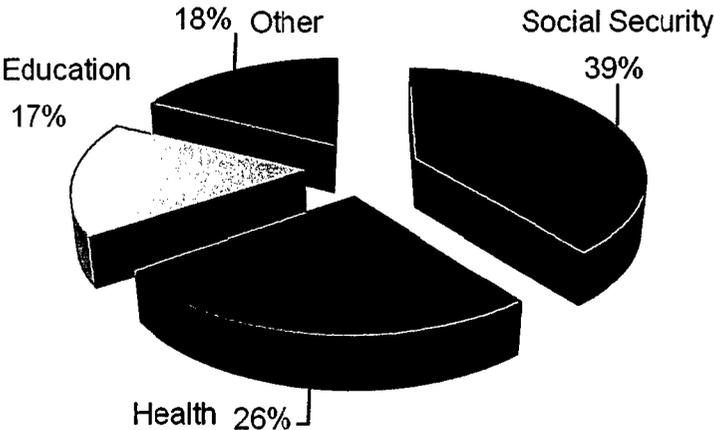
Public Services Sector:

- Public sector employment compromises 21.4% of Guernsey total workforce.

Guernsey expenditures on public services 2008:



UK expenditures on public services 2007/2008:



Further information can be found at:

<http://www.gov.gg/ccm/navigation/about-guernsey/>
<http://www.gov.gg/ccm/navigation/government/facts---figures/>

SECTION 2: TAX TRANSPARENCY

a. Summary of the Tax Regime

Taxes in Guernsey are levied to adequately fund public services and ensure that Guernsey's economy remains strong. In Guernsey, the Director of Income Tax is responsible for administering legislation on Income Tax, Dwellings Profits Tax¹ and the retention tax in respect of savings income. Guernsey does not apply Value Added Tax (or GST), but does have a range of different indirect taxes and duties.

The personal Income Tax rate is 20%. From 1 January 2008, the standard rate of Income Tax for companies is 0%. For profits of licensed institutions derived from the carrying on of "banking business"² and any other company in the business of providing or making available credit facilities, there is an intermediate rate of 10%. For profits of regulated activities of Guernsey utilities and income from Guernsey land and buildings, there is a higher rate of 20%. Guernsey resident shareholders are taxable on the income of companies in which they have a beneficial interest not only on actual distributions but also on specified deemed distributions. These measures were enacted³ to fulfil Guernsey's commitment on rollback/standstill under the EU Code of Conduct on Business Taxation.

b. Information Gathering Powers.

In 2005 the States of Guernsey amended its income tax law to give the Director of Income Tax additional powers to obtain information from taxpayers in respect of their own tax affairs, and from third persons also. This information is obtainable not only for domestic tax administration but also to give effect to Guernsey's international obligations arising under tax information exchange agreements ("TIEAs").

The full report on this amendment is available at <http://www.gov.gg/ccm/treasury-and-resources/income-tax/website/publications/states-reports/information-powers.en>.

The subsequent legislation approved by the States of Guernsey, "The Income Tax (Guernsey) (Amendment) Law, 2005" is available at <http://www.guernseylegalresources.gg/ccm/legal-resources/laws/taxation/income-tax-guernsey-amendment-law-2005.en>.

¹ Designed to prevent speculation on the property market. There is no capital gains tax in Guernsey, nor are there other taxes on capital.

² "Banking business" is defined in the Fourth Schedule to the Income Tax (Guernsey) Law, 1975, as amended as "business carried on by a bank that is a licensed institution under the Banking Supervision (Bailiwick of Guernsey) Law, 1994 and any business that, in the usual course of its business provides or makes available credit facilities".

³ See policy explanation on identification of "harmful" tax measures and response set out in the Report in Billet d'État XI of 2006 (<http://www.gov.gg/ccm/policy-and-hr/billets--resolutions/2006/billet-detat-xi-2006.en>). The Income Tax (Guernsey) Law, 1975, as amended, is available at <http://www.gov.gg/ccm/navigation/income-tax/income-tax-legislation/income-tax--guernsey--law-1975/>.

c. Tax Information Exchange Agreements

i. TIEAs Concluded or in Negotiation

On 21 February 2002, Guernsey publicly committed to complying with the OECD's principles of effective exchange of tax information.⁴ Guernsey signed its first TIEA, with the United States, on 19 September 2002. It has been fully operative since 2006. In total, Guernsey has concluded 13 TIEAs so far:

- The United States (19 September 2002)
- The Netherlands (25 April 2008)
- Denmark (28 October 2008)
- The Faroe Islands (28 October 2008)
- Finland (28 October 2008)
- Greenland (28 October 2008)
- Iceland (28 October 2008)
- Norway (28 October 2008)
- Sweden (28 October 2008)
- The United Kingdom (20 January 2009)
- France (24 March 2009)
- Germany (26 March 2009)
- Ireland (26 March 2009)

At present negotiations are advanced with Australia, Canada and New Zealand with a view to finalising agreements as soon as practicable. Guernsey is actively pursuing TIEA negotiations with other countries and is in correspondence with several other EU, OECD and G20 members.

A list, with copies, of all the TIEAs signed to date is available at http://www.oecd.org/document/7/0,3343,en_2649_33767_38312839_1_1_1_37427,00.html

ii. TIEA with the United States

The following agreement was signed at a ceremony in Washington between Treasury Secretary O'Neill and Deputy Laurie Morgan, President of Guernsey's Advisory and Finance Committee:

**AGREEMENT BETWEEN THE GOVERNMENT OF THE
UNITED STATES OF AMERICA AND THE
GOVERNMENT OF THE STATES OF GUERNSEY
FOR THE EXCHANGE OF INFORMATION RELATING TO TAXES**

Whereas Guernsey has long been active in international efforts in the fight against financial and other crimes, including recent efforts involving terrorist financing;

⁴ See letter at www.oecd.org/dataoecd/61/13/2067884.pdf.

Whereas the Internal Revenue Service of the United States has determined Guernsey's "know your customer" rules to be acceptable for purposes of the Qualified Intermediary regime, which provides simplified withholding and reporting obligations for payments of income from the United States to an account holder through one or more foreign intermediaries;

Whereas the Government of the States of Guernsey and the Government of the United States ("the parties") recognise that present legislation already provides for the exchange of information in criminal tax matters, which under current practice is conducted by the United States through the Department of Justice and by Guernsey through its Attorney General;

Whereas the parties wish to establish the terms and conditions governing the exchange of information relating to taxes;

Now, therefore, the parties have agreed as follows:

Article 1

Scope of the Agreement

The parties shall provide assistance through exchange of information that is foreseeably relevant to the administration and enforcement of the domestic laws of the parties concerning the taxes covered by this Agreement, including information that is foreseeably relevant to the determination, assessment, enforcement or collection of tax with respect to persons subject to such taxes, or to the investigation or prosecution of criminal matters in relation to such persons.

Article 2

Jurisdiction

To enable the scope of this Agreement to be implemented, information shall be provided in accordance with this Agreement by the competent authority of the requested party without regard to whether the person to whom the information relates is, or whether the information is held by, a resident of a party. A requested party is not obliged to provide information which is neither held by its authorities nor in the possession of persons who are within its territorial jurisdiction.

Article 3

Taxes Covered

1. This Agreement shall apply to the following taxes imposed by the parties:
 - (a) in the case of the United States, all federal taxes,
 - (b) in the case of Guernsey, all insular taxes.
2. This Agreement shall apply also to any identical or substantially similar taxes imposed after the date of signature of the Agreement in addition to or in place of the existing taxes if the parties so agree. The competent authority of each party shall notify the other of changes in laws which may affect the obligations of that party pursuant to this Agreement.
3. This Agreement shall not apply to the extent that an action or proceeding concerning taxes covered by this Agreement is barred by the requesting party's statute of limitations.
4. This Agreement shall not apply to taxes imposed by states, municipalities or other political subdivisions, or possessions of a party.

Article 4

Definitions

1. In this Agreement:

“competent authority” means, for the United States, the Secretary of the Treasury or his delegate,

and for Guernsey, the Administrator of Income Tax or his delegate, except that until a date not later than January 1, 2006, Her Majesty’s Attorney General for Guernsey may act as the competent authority in respect of criminal tax matters;

“criminal laws” means all criminal laws designated as such under domestic law, irrespective of whether contained in the tax laws, the criminal code or other statutes;

“criminal tax matters” means tax matters involving intentional conduct which is liable to prosecution under the criminal laws of the requesting party;

“information gathering measures” means judicial, regulatory, criminal or administrative procedures enabling a requested party to obtain and provide the information requested;

“information” means any fact, statement, document or record in whatever form;

“person” means a natural person, a company or any other body or group of persons;

“requested party” means the party to this Agreement which is requested to provide or has provided information in response to a request;

“requesting party” means the party to this Agreement submitting a request for or having received information from the requested party;

“resident” means:

(a) in the case of the United States, any United States citizen and any legal person, partnership, corporation, trust, estate, association, or other entity deriving its status as such from the laws in force in the United States; and

(b) in the case of Guernsey, any person resident in Guernsey, for the purposes of the Income Tax (Guernsey) Law 1975, as amended.

“tax” means any tax covered by this Agreement.

2. For purposes of determining the geographical area within which jurisdiction to compel production of information may be exercised, the term “United States” means the United States of America, including Puerto Rico, the Virgin Islands, Guam, and any other United States possession or territory. For purposes of determining the geographical area within which jurisdiction to compel production of information may be exercised, the term “Guernsey” means Guernsey, Alderney and Herm.

3. Any term not defined in this Agreement, unless the context otherwise requires or the competent authorities agree to a common meaning pursuant to the provisions of Article 10, shall have the meaning which it has under the laws of the parties relating to the taxes which are the subject of this Agreement.

Article 5
Exchange of Information Upon Request

1. The competent authority of the requested party shall provide upon request by the requesting party information for the purposes referred to in Article 1. Such information shall be exchanged without regard to whether the requested party needs such information for its own tax purposes or the conduct being investigated would constitute a crime under the laws of the requested party if it had occurred in the territory of the requested party. The competent authority of the requesting party shall only make a request for information pursuant to this Article when it is unable to obtain the requested information by other means, except where recourse to such means would give rise to disproportionate difficulty.
2. If the information in the possession of the competent authority of the requested party is not sufficient to enable it to comply with the request for information, the requested party shall take all relevant information gathering measures to provide the requesting party with the information requested, notwithstanding that the requested party may not, at that time, need such information for its own tax purposes.
3. If specifically requested by the competent authority of the requesting party, the competent authority of the requested party shall provide information under this Article, to the extent allowable under its domestic laws, in the form of depositions of witnesses and authenticated copies of original records.
4. Each party shall ensure that it has the authority, for the purposes referred to in Article 1 of this Agreement and subject to Article 2 of this Agreement, to obtain and provide, through its competent authority and upon request:
 - (a) information held by banks, other financial institutions, and any person, including nominees and trustees, acting in an agency or fiduciary capacity;
 - (b) information regarding the beneficial ownership of companies, partnerships and other persons, including in the case of collective investment funds, information on shares, units and other interests; and in the case of trusts, information on settlors, trustees and beneficiaries, provided that this Agreement does not create an obligation for a party to obtain or provide ownership information with respect to publicly traded companies or public collective investment funds, unless such information can be obtained without giving rise to disproportionate difficulties.
5. Any request for information made by a party shall be framed with the greatest degree of specificity possible. In all cases, such requests shall specify in writing the following:
 - (a) the identity of the taxpayer under examination or investigation;
 - (b) the period of time with respect to which the information is requested;
 - (c) the nature of the information requested and the form in which the requesting party would prefer to receive it;
 - (d) the matter under the requesting party's tax law with respect to which the information is sought;
 - (e) the reasons for believing that the information requested is foreseeably relevant or material to tax administration and enforcement of the requesting party, with respect to the person identified in subparagraph (a) of this paragraph;
 - (f) reasonable grounds for believing that the information requested is present in the requested party or is in the possession of a person within the jurisdiction of the requested party;

- (g) to the extent known, the name and address of any person believed to be in possession or control of the information requested;
- (h) a statement that the request conforms to the law and administrative practice of the requesting party and would be obtainable by the requesting party under its laws or in the normal course of administrative practice in similar circumstances, both for its own tax purposes and in response to a valid request from the requested party under this Agreement;
- (i) a statement that the requesting party has pursued all reasonable means available in its own territory to obtain the information, except where that would give rise to disproportionate difficulty.

Article 6
Tax Investigations Abroad

1. By reasonable notice given in advance, a party may request that the other party allow officials of the requesting party to enter the territory of the requested party, to the extent permitted under its domestic laws, to interview individuals and examine records with the prior written consent of the individuals concerned. The competent authority of the requesting party shall notify the competent authority of the requested party of the time and place of the intended meeting with the individuals concerned.
2. At the request of the competent authority of the requesting party, the competent authority of the requested party may permit representatives of the competent authority of the requesting party to attend a tax examination in the territory of the requested party.
3. If the request referred to in paragraph 2 is granted, the competent authority of the requested party conducting the examination shall, as soon as possible, notify the competent authority of the requesting party of the time and place of the examination, the authority or person authorised to carry out the examination and the procedures and conditions required by the requested party for the conduct of the examination. All decisions regarding the conduct of the examination shall be made by the requested party conducting the examination.

Article 7
Possibility of Declining a Request

1. The competent authority of the requested party may decline to assist:
 - (a) where the request is not made in conformity with this Agreement;
 - (b) where the requesting party has not pursued all means available in its own territory to obtain the information, except where recourse to such means would give rise to disproportionate difficulty; or
 - (c) where the disclosure of the information requested would be contrary to the public policy of the requested party.
2. This Agreement shall not impose upon a party any obligation:
 - (a) to provide items subject to legal privilege, nor any trade, business, industrial, commercial or professional secret or trade process, provided that information described in Article 5(4) shall not by reason of that fact alone be treated as such a secret or trade process; or

- (b) to carry out administrative measures at variance with its laws and administrative practices, provided that nothing in this subparagraph shall affect the obligations of a party under Article 5(4).
3. A request for information shall not be refused on the ground that the tax liability giving rise to the request is disputed by the taxpayer.
4. The requested party shall not be required to obtain and provide information which the requesting party would be unable to obtain in similar circumstances under its own laws for the purpose of the administration/enforcement of its own tax laws or in response to a valid request from the requested party under this Agreement.

Article 8 Confidentiality

1. All information provided and received by the competent authorities of the parties shall be kept confidential.
2. Information provided to the competent authority of a requesting party may not be used for any purpose other than for the purposes stated in Article 1, without the prior express written consent of the requested party.
3. Information provided shall be disclosed only to persons or authorities (including judicial, administrative and Congressional oversight authorities) officially concerned with the purposes specified in Article 1, and used by such persons or authorities only for such purposes or for oversight purposes, including the determination of any appeal. For these purposes, information may be disclosed in public court proceedings or in-judicial proceedings.
4. Information provided to a requesting party under this Agreement may not be disclosed to any third party, including an agency or employee of any other government.

Article 9 Costs

The requesting party shall reimburse the requested party for all direct costs incurred in providing information pursuant to this Agreement. The respective competent authorities shall consult from time to time with regard to this Article, and in particular the competent authority of the requested party shall consult with the competent authority of the requesting party if the costs of providing information with respect to a specific request are expected to be significant.

Article 10 Mutual Agreement Procedure

Where difficulties or doubts arise between the parties regarding the implementation or interpretation of this Agreement, the respective competent authorities shall use their best efforts to resolve the matter by mutual agreement.

Article 11 Mutual Assistance Procedure

If both competent authorities of the parties consider it appropriate to do so they may agree to exchange technical know-how, develop new audit techniques, identify new areas of non-compliance, and jointly study non-compliance areas.

Article 12

Entry into Force

This Agreement shall enter into force when each party has notified the other of the completion of its necessary internal procedures for entry into force. Upon entry into force, it shall have effect for criminal tax matters forthwith and, in respect of other matters covered in Article 1, on January 1, 2006, or such earlier date as may be agreed in an exchange of letters by the competent authorities.

Article 13 Termination

1. This Agreement shall remain in force until terminated by either party.
2. Either party may terminate this Agreement by giving notice of termination in writing. Such termination shall become effective on the first day of the month following the expiration of a period of three months after the date of receipt of notice of termination by the other party.
3. A party which terminates this Agreement shall remain bound by the provisions of Article 8 with respect to any information obtained under this Agreement. In witness whereof the undersigned being duly authorised in that behalf by the respective parties, have signed the Agreement.

Done at Washington in duplicate this nineteenth day of September, 2002.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF THE
STATES OF GUERNSEY:

Text also available at

<http://www.oecd.org/dataoecd/20/40/35514416.pdf?contentId=35514417>

iii. US Treasury Press Release

Following the signing of the TIEA, the U.S. Treasury Department issued the following Statement:

FROM THE OFFICE OF PUBLIC AFFAIRS

September 19, 2002
PO-3441

**TREASURY SECRETARY O'NEILL'S SIGNING CEREMONY STATEMENT
UNITED STATES AND GUERNSEY SIGN AGREEMENT
TO EXCHANGE TAX INFORMATION**

Today Treasury Secretary Paul O'Neill signed a new agreement with Guernsey that will allow for exchange of information on tax matters between the United States and Guernsey. The agreement was signed by Treasury Secretary Paul O'Neill and Deputy Laurie Morgan, President of Guernsey's Advisory and Finance Committee.

At the signing ceremony, Treasury Secretary Paul O'Neill delivered the following remarks: I would like to thank you all for being here today and welcome our friends from Guernsey, especially the President of Guernsey's Advisory and Finance Committee, Mr. Laurie Morgan. I also want to extend a very warm welcome to Attorney General Geoffrey Rowland, who has been instrumental in facilitating cooperation with the United States on law enforcement matters, States Supervisor Michael Brown, and Mr. Robert Gray and Mr. Richard Green, two officials in Guernsey's tax administration.

Today cooperation between governments is more important than ever before as we work to ensure that no safe haven exists anywhere in the world for the funds associated with illicit activities, including terrorism, money laundering, and tax evasion. The United States and Guernsey already have a close and cooperative relationship on law enforcement matters, including criminal tax matters. We are well aware of Guernsey's commitment to cooperation in targeting criminal abuse of the world's financial systems.

This new agreement will formalize and streamline our current cooperation in criminal tax matters and will allow exchange of information on specific request in civil tax matters as well. This agreement is an important development, and further demonstrates Guernsey's long standing commitment to cooperating with the United States on law enforcement matters and to upholding international standards in this area.

I have spoken on numerous occasions about our obligation to enforce our tax laws, because failing to do so undermines the confidence of honest taxpayers in the fairness of our tax system. Access to needed information is vital to our efforts to ensure enforcement of our laws. As many of you know, last summer I made a public commitment in Congressional testimony, to expand our network of tax information exchange relationships. The significant progress we have made toward that goal in the Caribbean, with recent agreements with the Cayman Islands, Antigua and Barbuda, The Bahamas, the British Virgin Islands, and the Netherlands Antilles, demonstrates the depth of our commitment.

Today's agreement with an important financial center of Europe demonstrates our commitment to securing the cooperation of all our neighbors, not just those near our shores but those more distant too. I hope that Guernsey's cooperation with the United States in negotiating this tax information exchange agreement will serve as an example to other financial centers in its region and around the world. We will continue to work vigorously to improve our tax information exchange relationships, and I look forward to gathering here again in the coming weeks to announce additional agreements with other countries.

iv. **Implementation of the TIEA by Guernsey**

The following Ordinance was made by the States of Guernsey on 25th January 2006. This Ordinance gives effect to the U.S.-Guernsey TIEA and enacts the "information gathering legislation" referred to in Section 2b herein.

No. VI of 2006

**The Income Tax (Guernsey) (Amendment) Law, 2005
(Commencement of Law and Approval of Agreement)
Ordinance, 2006**

THE STATES, in pursuance of their Resolutions of the 21st June, 2004^a and the 29th June, 2005^b, and in exercise of the powers conferred on them by section 12 of the Income Tax (Guernsey) (Amendment) Law, 2005 and section 75C of the Income Tax (Guernsey) Law, 1975, as amended^c, and all other powers enabling them in that behalf, hereby order:-

Commencement of Law of 2005.

1. The Income Tax (Guernsey) (Amendment) Law, 2005 shall for all purposes come into force on the 25th January, 2006.

Approval of Agreement with USA.

2. The agreement between the States of Guernsey and the government of the United States of America for the exchange of information relating to tax, signed at Washington on the 19th September 2002 and registered by the Royal Court on the 6th June 2005, is, pursuant to section 75C of the Income Tax (Guernsey) Law, 1975, as amended, hereby specified for the purposes of that Law.

Citation.

3. This Ordinance may be cited as the Income Tax (Guernsey) (Amendment) Law, 2005 (Commencement of Law and Approval of Agreement)

^a Billet d'État No. VIII of 2004.

^b Article I of Billet d'État No. VII of 2005.

^c Ordres en Conseil Vol. XXV, p. 124; section 75C was inserted by section 5 of the Income Tax (Guernsey) (Amendment) Law, 2005.

v. Information Request Template

The following information request template was produced by Guernsey in consultation with U.S. authorities. It has been agreed that this template is to be used for any information exchange requests from Guernsey by the United States under the TIEA.

Request for Information Under the "Agreement between the Government of the United States of America and the Government of the States of Guernsey for the Exchange of Information relating to Taxes" 19th September 2002

This request is made by and on behalf of The Secretary of the Treasury * acting by and through his delegate
[NAME] [ADDRESS]

*[NB: There would also be a version for requests made by Guernsey, with appropriate adaptations.]

Taxpayers

The United States Secretary to the Treasury seeks information relating to the affairs of the following taxpayer(s) in respect of whom a request is made under the Agreement:

Where an individual for each:

- A1 Name (and date of birth if known).
- A2 Last known address.
- A3 U.S. Resident/Guernsey Resident.
- A4 Nationality (if known).

Where a company for each:

- A1 Name (and date of registration/incorporation, if known).
- A2 Last known registered address.
- A3 Place of incorporation (if known).

(Continue for B1,B2 etc).

1. Type of Request [Art1 TIEA]

This request relates to the: (Please tick as appropriate)

- assessment of federal tax(es) in relation to person named in A1
- collection of federal tax(es) in relation to person named in A1
- enforcement of federal tax(es) in relation to person named in A1
- investigation or prosecution of criminal matters in relation to person named in A1
- other (please specify) in relation to person named in A1

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The nature of the activity being investigated, the type of taxes, relevant legislation and relevant dates are as follows:

(Continue for B1, B2 etc).

2. Identity and location of person in possession of information

The United States Secretary of the Treasury seeks information believed to be in the possession, custody or control of the following persons in Guernsey:

A1 Name

A2 Last known address

A3 Capacity in which they hold the information (if known), e.g. if Trustee, provide details of the Trust; if Company Officer, provide details of Company.

(Continue for B1, B2 etc).

3. Identity and residence of person(s) in respect of whom information is requested including (but not limited to) the taxpayer

The United States Secretary of the Treasury seeks information concerning the following person(s):

A1 Name

A2 Last known address(es)

A3 Residence

(Continue for B, B2 etc).

3a The grounds for believing the information requested is present in Guernsey and is in the possession, custody or control of the person in Part 2.

4. Tipping Off (if appropriate)

The reasons, if any, why:

- Guernsey should take steps to prohibit such person(s) in Part 2 from informing/permitting to be informed the taxpayer that information is being sought;
- the disclosure of any information by the person(s) named in Part 2 to any other person might prejudice the investigation in Part 1; and
- it is feared such disclosure might take place [s75B(4) Income Tax (Guernsey) Law, 1975].

Please provide any information in support of any genuine claim that to give the taxpayer or other person named in Part 2 a reasonable opportunity to 'voluntarily' deliver the information/documents etc in question would prejudice the enquiry to which the documents/information relate [s75 A(2)/S75B(3) 1975 Law];

Please confirm that you would be able to impose a similar prohibition in the event of a request being made by Guernsey in similar circumstances.

Please confirm that if the taxpayer was “tipped off” this would, in your view, seriously prejudice the assessment and/or collection of tax.

5. Particulars and form of information sought

The United States Secretary to the Treasury seeks the following information (please provide as much detail as possible describing:

- The individual in Part 2 from whom information is sought
- The information sought from that person
- The form requested (e.g. copies, inspection of originals, sworn depositions)).

6a Tax Years Under Investigation

The information requested in Part 5 relates to the following tax year(s) of the taxpayer(s) identified on Page 1.

As to the person identified at A1

[dd/mm/yyyy]

to _____

[dd/mm/yyyy]

6b Relevance

If information is sought under Part 5 as to any time period outside the tax years listed in 6a, please explain the connection between such information and the tax years listed.

Please describe and explain the reason(s) for believing that the information requested is “foreseeably relevant or material to the administration/enforcement of domestic laws or” federal taxes in respect of the named taxpayer(s) [Art 1 TIEA].

7. Risk to documents and Urgency in the face of Due Process (if appropriate)

Please provide any information in support of any genuine claim that the person(s) named in Part 2 would remove, tamper with, falsify or destroy the documents/information held.

7a If a Notice is served upon a person named in Part 2 requiring them to deliver or allow inspection of documents, that Notice has no effect pending the determination of any appeal against such Notice unless the Court directs otherwise [s75K(11) Income Tax (Guernsey) Law, 1975]

Please supply any evidence/genuine argument relied upon why the matter is so urgent that the Notice should still take effect pending Appeal or that the documents should be lodged with the Court or that specified undertakings should be sought from the person(s) named in Part 2 in the event that an Appeal is lodged. In any event, please specify any relevant timescales that are being worked to e.g. Court dates.

8. Conformity with US Law

Please confirm that this request conforms to the law and administrative practice of the United States of America and would be obtainable by the United States Competent Authority under its laws or in the normal course of administrative practice in similar circumstances both for its own tax purposes and in response to a valid request from the Guernsey Competent Authority under the Agreement

9. Please confirm that the tax, which is the subject of this request is not barred by the US Statute of Limitations. If any reliance is placed on "special circumstances" to extend the period of limitation, please describe and explain them.

10. Steps taken by United States

Please confirm what steps have been taken by the United States in its own territory to obtain the information being requested and explain why this constitutes all reasonable means available in the United States to obtain the information.

If local means have not been employed to obtain such information, please give any reasons why to do so would have given rise to disproportionate difficulty.

Signed _____

[Official Capacity]

Date _____

[dd/mm/yyyy]

vi. Letter from the Internal Revenue Service

Please refer to Appendix A for a copy of a letter from the Deputy Commissioner (International) of the Internal Revenue Service to the Administrator of Income Tax, States of Guernsey, in relation to information exchanged as the result of a TIEA request.

vii. OECD Press Statements

On 27 March 2009, the OECD issued the following statement:

New tax information exchange agreements (TIEAs) signed in recent days by the Isle of Man, Jersey and Guernsey mean that the three jurisdictions now have exchange of information agreements with many of their major economic partners.

During the week the Isle of Man signed an agreement with France, bringing its TIEA tally to 14, of which 12 are with OECD countries; Jersey signed agreements with France and Ireland; and Guernsey signed agreements with France, Germany and Ireland, bringing their tallies to 13 each, including in both cases 11 with OECD countries.

Commenting on the recent signings, Jeffrey Owens, Director of the OECD's Centre for Tax Policy and Administration, said: "At a time when many countries have been promising change, Guernsey, Jersey and the Isle of Man have been delivering. I am particularly pleased that the Isle of Man now has 12 agreements with OECD countries in accordance with the OECD standard. This is an important milestone in implementing its commitment to international co-operation."

Guernsey, Jersey and the Isle of Man have consistently supported the work of the OECD and the Global Forum on Transparency and Exchange of Information, with Jersey and the Isle of Man taking an active and constructive role in the work of the Global Forum's Sub-Group on Level Playing Field Issues, Mr. Owens said.

"The positive outcomes of the Sub-Group's work, as well as the lead that these jurisdictions have taken in signing tax information exchange agreements, have played a big part in the developments in favour of greater transparency that we are now seeing around the globe," he added.

Furthermore at a press conference held on 7 April 2009, the OECD recognised:

"Guernsey...[has] made a real commitment, not just before the G20, but years ago and they have implemented those commitments."

viii. OECD Progress Report

Guernsey's commitment to transparency and international co-operation has been recognised by the OECD and the European Commission. Following the G20 London Summit held on 2 April 2009, the OECD published a progress report listing co-operative jurisdictions which places

Guernsey alongside jurisdictions such as the United States, France, Germany, and the United Kingdom in having effective tax information exchange practices.

Please refer to Appendix 2 for a copy of the OECD report entitled "A Progress Report on Jurisdictions Surveyed by the OECD Global Forum in Implementing the Internationally Agreed Tax Standard."

d. European Union Savings Directive ("EUSD")

i. Summary

Guernsey has bilateral agreements with all 27 EU Member States implementing measures equivalent to those binding the Member States between themselves. Guernsey chose to apply a retention tax unless the EU resident in question has instead opted for provision of information. In respect of 2007, £16 million (approx \$23m) was retained by Guernsey paying agents (distributed 75% to Member States and 25% to Guernsey through retention) and some 18,000 items of information were provided.

ii. Background

The European Union, on 3rd June 2003, formally adopted Council Directive 2003/48/EC on the Taxation of Savings Income in the form of interest payments ("the EUSD"). The preamble to that Directive states that its ultimate aim is to enable savings income in the form of interest payments made in one EU Member State to beneficial owners who are individuals resident in another EU Member State to be made subject to effective taxation in accordance with the laws of the latter Member State.

The EU Member States were concerned that so long as the United States of America, Switzerland, Andorra, Liechtenstein, Monaco, San Marino and the relevant dependent or associated territories of the EU Member States did not all apply measures equal to, or the same as, those provided for by the Directive, capital flight towards these countries or territories could imperil the attainment of the Directive's objectives. For this reason the European Union sought to conclude agreements with the countries and territories concerned that provide for the objectives of the Directive to be met within those countries and territories from the same date as within the EU Member States.

The Directive allows three Member States to adopt a withholding tax for a transitional period whilst the other twenty two Member States adopt automatic exchange of information. The same option was extended to the non-EU jurisdictions referred to in the paragraph above, including the Crown Dependencies of Guernsey, the Isle of Man and Jersey.

The Crown Dependencies worked extremely closely together in reaching agreement with the EU Member States and this cooperation was reflected in the strength of their representations during the negotiations. The negotiations with the EU High Level Group on Taxation and the EU Presidency also enabled the Crown Dependencies to better establish their international personality in negotiating and concluding such agreements.

The outcome of the negotiations was two Model Agreements, one between each of the Crown Dependencies and those EU Member States that have opted for automatic exchange of information and one between each of the Crown Dependencies and the three EU Member

States that have opted for a withholding tax (Austria, Belgium and Luxembourg). These two Model Agreements have been approved by each of the Crown Dependencies' legislatures and have been the basis for the individual Agreements ("the Agreements") signed between each of the Crown Dependencies and each of the EU Member States and the specific insular legislation required to bring the Agreements into effect being the Foreign Tax (Retention Arrangements) (Guernsey and Alderney) Law, 2005, under which the States by Ordinance, and in respect of technical matters the Department by Regulations, will erect and administer the Retention Tax regime. The principal Ordinance – entitled the Foreign Tax (Retention Arrangements) (Guernsey and Alderney) Ordinance, 2005 was enacted by the States of Guernsey on 29th June 2005.

The text of the Agreements follows that of the EU Directive in large part but with appropriate adaptations and the inclusion of additional safeguards in the provisions in the Agreements for the suspension or termination of the Agreements if certain events come to pass. In addition, to distinguish Guernsey from the EU Member States, to reflect the fact that Guernsey is not a part of the European Union and is not subject to the EU Directive, the term "retention tax" is used rather than "withholding tax".

iii. Further Information

The full text of the EU Savings Directive is available at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:157:0038:0048:EN:PDF>

The States of Guernsey Commerce and Employment guide to the EUSD can be found at:

<http://www.gov.gg/ccm/navigation/commerce---employment/finance-sector-development/eu-savings-tax-directive/>

SECTION 3: REGULATION

a. Summary of Financial Regulation

Guernsey is committed to compliance with established international standards on regulation and ensuring the highest standards of criminal justice. This commitment includes the standards established by the Financial Action Task Force on Money Laundering ("FATF"), the Basel Committee on Banking Supervision, the International Organization of Securities Commissions ("IOSCO"), the International Association of Insurance Supervisors ("IAIS") and the Offshore Group of Banking Supervisors ("OGBS").

The Guernsey Financial Services Commission ("GFSC") is a unitary regulatory body, responsible for the regulation of banks, insurers and insurance intermediaries, collective investment funds, investment firms, trust companies, company administrators and professional company directors providing directorship services by way of business in Guernsey.¹ Each of the sectoral regulatory Laws under which the GFSC acts² contains minimum criteria for obtaining and retaining a licence to conduct business³ and powers to obtain information and documents, to conduct investigations and to take appropriate enforcement action. In 2001, Guernsey was also one of the first jurisdictions to introduce a full regulatory regime for trust and company service providers.

The GFSC is fully committed to effective cooperation and information exchange. Although the GFSC has 15 specific Memoranda of Understanding with international partners,⁴ the Laws under which it operates provide it with wide powers to obtain supervisory information on behalf of foreign supervisory authorities and to disclose it to them. In addition, the GFSC has the ability to provide third parties with information for the purpose of preventing, detecting, investigating and prosecuting financial crime. The GFSC readily provides assistance to foreign authorities.

The functions of the GFSC include the function of countering financial crime and the financing of terrorism. It administers anti-money laundering and combating of terrorist financing regulations and rules which apply to financial services businesses (which in Guernsey include trust and company service providers) and firms of lawyers, accountants and estate agents. All of these entities are subject to on-site inspections. Guernsey's AML/CFT framework meets the standards issued by the FATF and businesses covered by the framework are required to

¹ See the Financial Services Commission (Bailiwick of Guernsey) Law, 1987, as amended (<http://www.guernseylegalresources.gg/ccm/legal-resources/laws/financial-services/financial-services-commission-bailiwick-of-guernsey-law-1987-consolidated-text.en>).

² Principally the Banking Supervision (Bailiwick of Guernsey) Law, 1994; the Insurance Business (Bailiwick of Guernsey) Law, 2002; the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002; the Protection of Investors (Bailiwick of Guernsey) Law, 1987; and the Regulation of Fiduciaries, Administration Businesses, and Company Directors, etc (Bailiwick of Guernsey) Law, 2000 (all as amended and accessible from <http://www.guernseylegalresources.gg/ccm/navigation/orders-in-council/guernsey---bailiwick/t/financial-services/>).

³ Covering, eg, integrity and skill; owners and directors must be fit and proper; the "four eyes" principle; an appropriate mix of executive and non-executive directors; and business to be conducted in prudent manner.

⁴ Australia's Australian Securities and Investments Commission; Belgium's Commission Bancaire et Financière; Dubai Financial Services Authority; France's Autorité des Marchés Financiers; Hong Kong Securities and Futures Commission; Italy's Commissione Nazionale per le Società e la Borsa; Isle of Man Financial Supervision Commission; Jersey Financial Services Commission; Malta Financial Services Authority; the Netherlands' De Nederlandsche Bank NV; Financial Services Board of the Republic of South Africa; the UK Financial Services Authority; the UK International Stock Exchange; United States Commodity Futures Trading Commission; and the US Federal Deposit Insurance Corporation.

identify and verify beneficial owners and other underlying principals to business relationships and transactions. This means, for example, that information on the beneficiaries of trusts is held in Guernsey and can be obtained by the competent authorities. Guernsey was at the forefront of introducing an AML/CFT framework for trust and company service providers in 2000. Guernsey is regarded by HM Treasury in the United Kingdom as having AML/CFT measures comparable to those in the United Kingdom. HM Treasury also issued a statement in 2008 which advised that it considers Guernsey to have AML/CFT standards equivalent to the European Union.⁵

The GFSC is a member of IOSCO and is a signatory to the IOSCO Multilateral Memorandum of Understanding ("MMoU"). The GFSC is a founder member of the IAIS. The Director General of the GFSC sits on the executive committee of the IAIS and one of the GFSC's Directors is chairman of the IAIS working group responsible for the IAIS MMoU. The GFSC is also a member of the Enlarged Contact Group on the Supervision of Collective Investment Funds, the OGBS and the Offshore Group of Insurance Supervisors.

External Assessment

A Review of Financial Regulation in the Crown Dependencies was commissioned by the Home Secretary resulting in a comprehensive Report to Parliament in November 1998.⁶ Guernsey's regulatory, anti-money laundering and counter terrorist financing framework was assessed by the IMF in its October 2003 Report to have a high level of compliance for each of the international standards against which the Bailiwick was judged: the Basel Core Principles for Effective Banking Supervision; the Insurance Core Principles of the IAIS; the Objectives and Principles of Securities Regulation of IOSCO; and the then FATF 40+8 Recommendations.⁷ Guernsey's legal framework for company and trust service providers was also found by the IMF to be fully consistent with the OGBS Statement of Best Practice for Company and Trust Service Providers. A further assessment by the IMF is expected later in 2009.⁸

A review of British offshore financial centres was announced in the Pre-Budget Report of the UK Chancellor of the Exchequer in November 2008. A Progress Report containing the Terms of Reference, the scope of the review and some preliminary information was published on 21 April 2009.⁹

Guernsey has qualified intermediary status following U.S. Internal Revenue Service approval of Guernsey's "know your customer" regulations for purposes of its rules on withholding tax.¹⁰

⁵ See http://www.hm-treasury.gov.uk/fin_crime_equivalence.htm.

⁶ Cm 4109 (commonly referred to as "the Edwards Report") is available at <http://www.archive.official-documents.co.uk/document/cm41/4109/4109.htm>. The Guernsey Finance Centre is covered in detail in Part III.

⁷ The full text of the IMF Report is available at <http://www.imf.org/external/pubs/ft/scr/2003/cr03364.pdf>. In 2000, there had also been the FATF review to identify non-cooperative countries and territories, the Financial Stability Forum (FSF) assessment of offshore finance centres and whether their regimes could adversely affect global financial stability (which assessed Guernsey as a cooperative jurisdiction with a high quality of supervision adhering to international standards: http://www.fsforum.org/publications/r_0004b.pdf?noframes=1) and the OGBS mutual evaluation of the anti-money laundering system in Guernsey.

⁸ See <http://www.gfsc.gg/content.asp?pageID=562&menuOpen=8&submenuOpen=8.1>.

⁹ See http://www.hm-treasury.gov.uk/d/indreview_foot_review_proqess_apr09_pu772.pdf.

¹⁰ See <http://www.irs.gov/businesses/international/article/0,,id=96618,00.html> and <http://www.irs.gov/pub/irs-trty/qiattachguernsey.pdf>, as also confirmed in the preamble of the U.S.-Guernsey TIEA (see section 2 for the text of the TIEA).

b. Further Information

Guernsey Financial Services Commission website:

www.gfsc.gg

Regulations and Handbook for Financial Services Businesses on Countering Financial Crime and Terrorist Financing:

<http://www.gfsc.gg/content.asp?pageID=50&menuOpen=9&submenuOpen=9.2>

Anti – Money Laundering Handbook:

[http://www.gfsc.gg/UserFiles/File/CFC/AML_Handbook - amends November 08.pdf](http://www.gfsc.gg/UserFiles/File/CFC/AML_Handbook_-_amends_November_08.pdf)

SECTION 4: COMPANY LAW

a. Summary of Company Law

The Companies (Guernsey) Law, 2008 establishes a new electronic registry of company information which is available online at www.quernseyregistry.com.

Information available from the Guernsey Registry

- The memorandum and articles of all Guernsey companies;
- The identity of the directors of all Guernsey companies, which includes their residential address or a service address (where a director uses a service address then the residential address must be provided to the Registrar – this is largely the same as the position in the UK under Part 10 of the UK *Companies Act 2006*);
- Information on location of the company's Registered Office, which must be situated in Guernsey;
- The identity of the resident agent (see below) of the company which must be either a regulated Corporate Services Provider or a locally resident individual director; and
- A variety of other company information is also available at that website.

Information held at the Registered Office

All Guernsey companies must have a registered office in Guernsey. The company must keep a large amount of information at its registered office, including the following information:

- Its accounting records and its annual accounts; and
- Its shareholder register which must be available for inspection by any person for a proper purpose.

(These provisions are largely the same as in Chapter 2 of Part 8 of the *Companies Act 2006*.)

Company formation

The only persons who are permitted to form Guernsey companies are Corporate Service Providers who hold a full fiduciary licence under the *Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2000*, meaning:

- Corporate Service Providers are required to comply with all Anti-Money Laundering/Controlling the Financing of Terrorism requirements (AML/CFT).
- In order to comply, identification of the beneficial owner of the company and complying with all other necessary Know Your Customer regulations are required.

Beneficial Ownership¹

The Law introduces what is believed to be a world first with respect to identifying the beneficial ownership of Guernsey Companies – all Guernsey Companies (except for listed companies, collective investment funds and a small number of “publicly held” companies) must appoint a resident agent, who must be either a fiduciary licence holder regulated under the 2000 Fiduciaries Law or a locally resident individual director.

The resident agent is under a duty to identify the beneficial owner of that company. Once identified, the resident agent must record the following information about the beneficial owner:

- His full name;
- His usual residential address;
- His nationality; and
- His date of birth.

The resident agent must provide this information on request to the following persons:

- HM Procureur (Attorney-General);
- The Guernsey Financial Services Commission;
- A Police Officer; and
- A customs officer.

The effect is that under the Law, law enforcement personnel and the financial services regulator have the power to identify the beneficial owners of companies incorporated in Guernsey. This information may also be exchanged with other jurisdictions in accordance with mutual legal assistance procedures.

Guernsey does not, and has never allowed, Guernsey companies to issue “bearer shares” (thereby complying with recommendation 33 of the FATF 40+9 Recommendations).

Future Developments

The Registrar of Companies is currently in discussions about Guernsey participating in the European Business Registry (“EBR”) from June 2009, with a view to becoming a distributor from November 2009 (see: www.ebr.org). This is a project to provide a single website at which anyone can access information on companies in all EBR participating jurisdictions.

b. Further Information

Guernsey Legal Resources website
www.guernseylegalresources.gg

¹ More information can be found within Part XXIX of the Law available at <http://www.guernseylegalresources.gg/ccm/legal-resources/laws/companies-and-commercial/companies-guernsey-law-2008-consolidated-text.en>

The Companies (Guernsey) Law, 2008 (consolidated text)

<http://www.quernseylegalresources.gg/ccm/legal-resources/laws/companies-and-commercial/the-companies-guernsey-law-2008.en>

Guernsey Registry

www.guernseyregistry.com

Guernsey Registry Online Services Portal

www.greg.gg

SECTION 5: IDENTITY FRAMEWORK DOCUMENT

a. Background

The Chief Minister signed an International Identity Framework Document with the United Kingdom's Ministry of Justice in December 2008 on behalf of the States of Guernsey.

The framework document represents progress in confirming practices that operate within the existing constitutional relationship between Guernsey and the UK, and it identifies how the two administrations will work in partnership to develop Guernsey's international identity.

The document also recognises that Guernsey is a responsible, stable and mature democracy as well as observing that it has its own broad policy interests and that it is willing to engage with the international community. This marked an important stage in the mutually-supportive relations between the two governments.

Further details can be in the report debated by the States of Guernsey in November 2008 (Billet D'État - XV 2008):

<http://www.gov.gg/ccm/policy-and-hr/billets--resolutions/2008/-billet-dtat---xv-2008-november.en>

b. Framework Document

Framework for Developing the International Identity of Guernsey

Following the statement of intent agreed on 11 January 2006, the Chief Minister of Guernsey and the UK Secretary of State for [Constitutional Affairs] have agreed the following principles. They establish a framework for the development of the international identity of Guernsey. The framework is intended to clarify the constitutional relationship between the UK and Guernsey, which works well and within which methods are evolving to help achieve the mutual interests of both the UK and Guernsey.

1. The UK has no democratic accountability in and for Guernsey which is governed by its own democratically elected assembly. In the context of the UK's responsibility for Guernsey's international relations it is understood that
 - The UK will not act internationally on behalf of Guernsey without prior consultation.
 - The UK recognises that the interests of Guernsey may differ from those of the UK, and the UK will seek to represent any differing interests when acting in an international capacity. This is particularly evident in respect of the relationship with the European Union where the UK interests can be expected to be those of an EU member state and the interests of Guernsey can be expected to reflect the fact that the UK's membership of the EU only extends to Guernsey in certain circumstances as set out in Protocol 3 of the UK's Treaty of Accession.
2. Guernsey has an international identity which is different from that of the UK.
3. The UK recognises that Guernsey is a long-standing, small democracy and supports the principle of Guernsey further developing its international identity.

4. The UK has a role to play in assisting the development of Guernsey's international identity. The role is one of support not interference.
5. Guernsey and the UK commit themselves to open, effective and meaningful dialogue with each other on any issue that may come to affect the constitutional relationship.
6. International identity is developed effectively through meeting international standards and obligations which are important components of Guernsey's international identity.
7. The UK will clearly identify its priorities for delivery of its international obligations and agreements so that these are understood, and can be taken into account by Guernsey developing its own position.
8. The activities of the UK in the international arena need to have regard to Guernsey's international relations, policies and responsibilities.
9. The UK and Guernsey will work together to resolve or clarify any differences which may arise between their respective interests.
10. Guernsey and the UK will work jointly to promote the legitimate status of Guernsey as a responsible, stable and mature democracy with its own broad policy interests and which is willing to engage positively with the international community across a wide range of issues.

Section 6: Appendices

Appendix A – Letter from the Deputy Commissioner (International), Internal Revenue Service, to the Administrator of Income Tax, States of Guernsey, in relation to information exchanged as the result of a TIEA request, 19 December 2007.

Appendix B – Progress Report on Jurisdictions Surveyed by the OECD Global Forum in Implementing The Internationally Agreed Tax Standard, published by the OECD on 2nd April 2009 following the G20 London Summit.

Appendix C - Statement for the Record – House Ways and Means Subcommittee on Select Revenue Measures Hearing “Banking Secrecy Practices and Wealthy American Taxpayers,” 31 March 2009.

Appendix D - Statement for the Record -- Senate Finance Committee Hearing “Offshore Tax Evasion: Stashing Cash Overseas,” 3 May 2007.

Appendix E - Letter from Deputy Assistant Treasury Secretary (International Tax Affairs) Michael Mundaca to General Accountability Office Director (Tax Issues) James R. White in relation to the lack of a universally accepted list of “tax havens,” December 2008.

Appendix F – Biographies of Lyndon Trott, Chief Minister of Guernsey; Mike Brown, Chief Executive of Guernsey; Jonathan Hooley, Adviser – External Affairs (International Tax Matters).

APPENDIX A:

Letter from the Deputy Commissioner (International), Internal Revenue Service, to the Administrator of Income Tax, States of Guernsey, in relation to information exchanged as the result of a TIEA request.

StC 2CL)

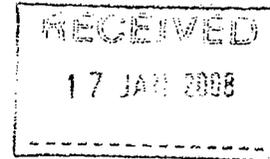


DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

LARGE AND MID-SIZE
BUSINESS DIVISION

DEC 19 2007

Mr. K.R.L. Forman
Administrator of Income Tax
States of Guernsey Income Tax Office
2 Cornet Street
St. Peter Port
Guernsey C.I. GY1 3AZ



Subject: TIEA Request Concerning

Dear Mr. Forman:

I would like to take this opportunity to express my gratitude to you and your staff for your efforts in obtaining the requested information under our Tax Information Exchange Agreement (TIEA). In particular, I would like to commend Messrs. Rob Gray and Richard Green for their tireless efforts in helping us obtain the required information on this first TIEA request.

Several highly productive discussions took place over the past few months. These discussions involved the administrative TIEA process, in general, and the specific request. We hope to continue this cooperative relationship in the future and look forward to continuing discussions once our new Tax Attaché, Ms. Kelli Winegardner, arrives in London in the earlier part of next year.

Thank you again for your assistance on this matter.

Sincerely,

A handwritten signature in black ink that reads "Barry B. Shott".

Barry B. Shott
Deputy Commissioner (International)
Large and Mid-Size Business

APPENDIX B:

**Progress Report on Jurisdictions Surveyed by the OECD Global Forum in
Implementing the Internationally Agreed Tax Standard, Published by the OECD on
2nd April 2009 Following the G20 London Summit**

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-------------|--------------------|----------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens³ | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | 2002 | (4) | Nauru | 2003 | (0) |
| Bahamas | 2002 | (1) | Neth. Antilles | 2000 | (7) |
| Bahrain | 2001 | (6) | Niue | 2002 | (0) |
| Belize | 2002 | (0) | Panama | 2002 | (0) |
| Bermuda | 2000 | (3) | St Kitts and Nevis | 2002 | (0) |
| British Virgin Islands | 2002 | (3) | St Lucia | 2002 | (0) |
| Cayman Islands ⁴ | 2000 | (8) | St Vincent & Grenadines | 2002 | (0) |
| Cook Islands | 2002 | (0) | Samoa | 2002 | (0) |
| Dominica | 2002 | (1) | San Marino | 2000 | (0) |
| Gibraltar | 2002 | (1) | San Marino | 2000 | (0) |
| Grenada | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Liberia | 2007 | (0) | Vanuatu | 2003 | (0) |
| Liechtenstein | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

¹ The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

² Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

³ These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

⁴ The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 12 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

⁵ Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

APPENDIX C:

Statement for the Hearing Record – House Ways and Means Subcommittee on Select Revenue Measures “Banking Secrecy Practices and Wealthy American Taxpayers,” March 31, 2009



States of Guernsey
Statement for the Hearing Record
House Ways and Means Subcommittee on Select Revenue Measures
“Banking Secrecy Practices and Wealthy American Taxpayers”
March 31, 2009

Statement

- 1.1 Guernsey is a well-regulated financial centre committed to maintaining international financial stability and transparency. Guernsey has consistently demonstrated this commitment through international co-operation and information exchange.
- 1.2 As a general principle, Guernsey does not support the use of “blacklists” and endorses the views of the U.S. Department of the Treasury that the use of such lists “to simplify what is a complex area...can lead to misunderstanding and mistakes.”¹ Guernsey has consistently argued that each jurisdiction should be considered on its own merits as assessed against internationally recognised standards. Guernsey is not a “tax haven” or an “offshore secrecy jurisdiction.” In any event, there is no internationally agreed definition of either.
- 1.3 By any objective measure, Guernsey is not a “tax haven” or an “offshore secrecy jurisdiction” for the following reasons:
- Guernsey has never had any form of banking secrecy legislation;
 - Guernsey has entered into 13 Tax Information Exchange Agreements (“TIEAs”) so far, including one with the United States, and is committed to continuing to be a leader in this field;
 - Guernsey has well-developed powers to investigate financial crime and tax evasion and regularly assists other jurisdictions in such investigations;
 - Guernsey has had mutual legal assistance legislation in force since 1998 and regularly exchanges information under that legislation;
 - Guernsey provides assistance to jurisdictions so that requests for information comply with Guernsey law and does not attempt to obstruct investigations; and
 - Guernsey has a well-developed regulatory regime which complies with all recognised international standards.
- 1.4 Guernsey is a participant in the Global Tax Forum, an initiative of the Organisation for Economic Co-operation and Development (the “OECD”). The OECD recognises that Guernsey has substantially implemented the OECD standard on information exchange in tax matters by entering into 13 TIEAs. Further agreements are under negotiation and Guernsey intends to continue to conclude such agreements in the near future. The OECD published a list of co-operative jurisdictions on 2 April 2009, which places Guernsey alongside jurisdictions such as the United States, France, Germany, and the United Kingdom in having effective tax information exchange.² Guernsey is delivering on its international commitments to transparency and co-operation.

¹ Letter from Deputy Assistant Treasury Secretary (International Tax Affairs) Michael Mundaca to General Accountability Office (“GAO”) Director (Tax Issues) James R. White, commenting on GAO report: *Large U.S. Corporations and Federal Contractors with Subsidiaries in Jurisdictions Listed as Tax Havens or Financial Privacy Jurisdictions*, December 18, 2008.

² This list is posted at: www.oecd.org/document/57/0,3343,en_2649_34487_42496569_1_1_1_1,00.html.

- 1.5 In the event that the Subcommittee on Select Revenue Measures decides to develop anti-tax haven abuse legislation that uses a list of "tax havens" or "offshore secrecy jurisdictions," then Guernsey respectfully suggests that the only appropriate list to follow is the list most recently issued by the OECD, the leading global authority on international tax practices, of jurisdictions that have not substantially implemented the OECD standard for effective exchange of tax information.
- 1.6 Guernsey's reputation as a premier provider of international financial services has been built on a number of foundations, including:
- an effective regulatory regime that meets or exceeds all international standards on financial regulation, anti-money laundering and combating the financing of terrorism;
 - international co-operation on regulation and the investigation of financial crime;
 - regular, external, and independent reviews - in the majority of cases at Guernsey's express invitation and in all cases with Guernsey's full co-operation and assistance;
 - a highly skilled and educated workforce; and
 - proximity to the European mainland.
- 1.7 The authorities in Guernsey have substantial investigatory powers. They work closely with their counterparts in other jurisdictions in investigating regulatory, taxation, and criminal matters and assisting in freezing and recovering the proceeds of crime. Guernsey has consistently provided assistance to the United States in investigating crime, freezing assets, and recovering the proceeds of crime.

Lyndon S. Trott
Chief Minister
States of Guernsey

14 April 2009



Background Information

A. Guernsey's Status and International Relationships

1. The Government of Guernsey

- 1.1 Guernsey is the principal island of the Bailiwick of Guernsey, a British Crown Dependency.³ It has never been a colony or a British dependent or overseas territory. Its status constitutionally is, and always has been, distinctly different from that of the British Overseas Territories. Guernsey has its own directly-elected legislative assembly, the States of Deliberation, comprising 47 independent members, and its own administrative, fiscal and legal systems. Its government, the States of Guernsey, is principally conducted through 10 Government Departments overseen by the Policy Council, constituted by the Chief Minister and the 10 Ministers. Guernsey's right to raise its own taxes is a long-established constitutional principle.

2. Guernsey's Relationship with the United Kingdom

- 2.1 Guernsey is not, and never has been, represented in the UK Parliament, which therefore does not legislate on behalf of Guernsey without first obtaining the consent of Guernsey's administration. The extension to Guernsey of an Act of Parliament by Order in Council is occasionally requested. However, the usual practice is for the States of Deliberation, which always has been legislatively independent from the United Kingdom regarding insular affairs, to enact its own legislation. Primary legislation ("Laws") requires Royal Sanction from Her Majesty in Council ("the Privy Council").
- 2.2 The British Crown acts on behalf of Guernsey through the Privy Council on the recommendations of Ministers of the UK Government in their capacity as Privy Counsellors. For example, the UK Ministry of Justice acts as the point of contact between Guernsey and the British Crown for the purpose of obtaining Royal Sanction for Laws, but is not otherwise involved in Guernsey's internal affairs. The Judicial Committee of the Privy Council is Guernsey's final appellate court.

3. Guernsey's International Affairs

- 3.1 The United Kingdom is responsible for Guernsey's external relations and defence. In recent years, Guernsey has increasingly acted internationally on its own behalf, particularly in relation to matters

³ This section is drawn from Ogier, D, *The Government and the Law of Guernsey*, 2005. Further information on Guernsey is available at: www.gov.gg/aboutguernsey.

for which it has complete autonomy.⁴ The UK Government has recognised the appropriateness of Guernsey further developing its international identity.

B. Guernsey's Taxation System

- 1.1 Guernsey has a well-developed taxation system. Taxes in Guernsey are set on the basis of the need to fund public services and the need to ensure that Guernsey's economy remains strong. Taxation in Guernsey is managed by the Director of Income Tax who is responsible for administering legislation relating to Income Tax and Foreign Retention Tax in support of the European Union ("EU") Directive on the Taxation of Savings Income (2003/48/EC). There is no capital gains or any other taxes on capital in Guernsey. Guernsey's personal income tax is set at 20 percent, a rate which has remained unchanged for over 40 years. Guernsey does not have a Value Added Tax but does have a range of indirect taxes and duties. As part of its commitment to eliminating harmful tax competition, Guernsey has complied fully with the EU Code of Conduct on Business Taxation. Guernsey's tax system is relatively uncomplicated and effective, which minimises the compliance costs on business.

C. Guernsey's Economy and the Financial Services Sector

1. Development of the Finance Sector

- 1.1 Guernsey's financial services sector began to grow in the 1960s with the establishment of operations in Guernsey by UK merchant banks and the establishment of investment funds which they sponsored. By 1987, the banking, insurance and collective investment fund sectors had developed to such an extent that the States of Guernsey acted to establish an independent regulatory body staffed by dedicated professionals. This was in accordance with internationally accepted best practices at the time. The Guernsey Financial Services Commission (the "Commission") was established in 1988. During the 1990s, Guernsey emerged as one of the world's largest captive insurance centres. Today, Guernsey is Europe's largest captive insurance centre, and the fifth largest in the world. The Channel Islands Stock Exchange ("CISX"), which is based in Guernsey and is the only stock exchange in the Channel Islands, commenced operations in 1998. The CISX has been recognised by the U.S. Securities and Exchange Commission, the Financial Services Authority ("FSA") and Her Majesty's Revenue and Customs ("HMRC"). As the sector continues to develop, an increasing number of professional firms exist to service the finance industry, particularly in the accounting, legal and actuarial professions. There are presently more than 8,000 people employed in financial services in Guernsey.

⁴ For example, co-operation agreements with the 27 EU Member States (in relation to Directive 2003/48/EC on taxation of savings income) and agreements for the exchange of information relating to tax matters.

- 1.2 Financial services account for approximately 35 percent of Guernsey's Gross Domestic Product. Guernsey also has well-developed industries in business services, electronic commerce, information technology and light manufacturing.
- 1.3 Guernsey's financial services industry is diverse and includes banking, collective investment funds, insurance and fiduciary services. The workforce in Guernsey is highly skilled and provides a full range of services, including administration of funds, corporate administration, public listing of companies on European stock exchanges, investment advice, and insurance brokerage services. In many respects, Guernsey's success as a financial service centre exists because many of Guernsey's professionals are recognised as world leaders in their particular fields with a high level of skills and expertise.
- 1.4 Due to its long-established financial services industry, Guernsey has developed considerable expertise in administering collective investment funds, captive insurance, and trust and company structures. In addition, Guernsey operates a "full-service" finance centre. It does not merely provide a domicile for activities undertaken elsewhere.
- 1.5 Guernsey has been ranked 12th in the latest Global Financial Centres Index ("GFCI"), released in March 2009. Since the previous survey published in September 2008 the Island has moved up four places. The report is produced by the Z/Yen Group for the City of London and ranks financial centres based on external benchmarking data and current perceptions of competitiveness and resilience in the face of the global financial downturn.

2. Regulation of Financial Services in Guernsey

- 2.1 The Commission was one of the world's first unitary regulatory bodies, and is responsible for the regulation of banks, insurers and insurance intermediaries, investment firms, trust companies, company administrators and professional company directors providing directorship services by way of business in Guernsey. It has been given wide-ranging powers to supervise and investigate regulated entities under a variety of regulatory laws. It also takes appropriate enforcement action when necessary. The Commission considers that the prevention of financial instability is a key function of effective regulation.
- 2.2 Guernsey is one of the few jurisdictions in the world to regulate trust and company service providers in a manner consistent with the prudential regulation of banks, investment firms and insurance companies. It has regulated trust and company service providers in this way since 2001.
- 2.3 In performing its regulatory and supervisory work according to international standards, the Laws and Regulations administered by the Commission comply with those established by:
 - The Basel Committee on Banking Supervision;
 - The International Association of Insurance Supervisors ("IAIS");
 - The International Organization of Securities Commissions ("IOSCO");

- The Offshore Group of Insurance Supervisors (“OGIS”);
- The Offshore Group of Banking Supervisors (“OGBS”); and
- The Financial Action Task Force (“FATF”).

- 2.4 The International Monetary Fund (“IMF”) conducts a regular independent and external review of Guernsey’s compliance with those international standards. The next IMF review is likely to occur later this year.
- 2.5 The Commission is actively involved with international regulatory and supervisory organisations. Guernsey was a founding member of IAIS, OGIS, and OGBS. The Commission is also a full member of IOSCO and a member of the enlarged contact group on the Supervision of Collective Investment Funds.

D. Co-operation on Taxation, Regulation, Financial Intelligence and Anti-Money Laundering

1. Information Exchange

- 1.1 On 21 February 2002, Guernsey publicly committed to complying with the OECD’s principles of effective exchange of tax information.⁵ Guernsey signed its first TIEA, with the United States, on 19 September 2002. It has been fully operative since 2006. Guernsey has subsequently concluded TIEAs with the Netherlands (25 April 2008), the seven Nordic Council countries (Denmark, the Faroe Islands, Finland, Greenland, Iceland, Norway and Sweden) (28 October 2008), the United Kingdom (20 January 2009), France (24 March 2009), Germany (26 March 2009) and Ireland (26 March 2009). Guernsey is actively pursuing TIEA negotiations with other countries with a view to finalising agreements as soon as practicable.
- 1.2 Guernsey’s commitment to transparency and international co-operation has been recognised by the OECD and the European Commission. The OECD published a progress report listing co-operative jurisdictions on 2 April 2009, which places Guernsey alongside jurisdictions such as the United States, France, Germany, and the United Kingdom in having effective tax information exchange. At a press conference held on 7 April 2009 the OECD recognised:
- “Guernsey...[has] made a real commitment, not just before the G20, but years ago and they have implemented those commitments.”
- 1.3 Guernsey currently has two double tax arrangements, one with the United Kingdom, signed in 1952, and the other with Jersey, signed in 1955. The agreements provide for the exchange of information in order to prevent fiscal evasion or avoidance. For many years, Guernsey has been able to provide information from its tax files to the UK tax authorities, and has done so on a regular basis, both spontaneously and as requested by the United Kingdom. Exchange of information under the double

⁵ See letter at www.oecd.org/dataoecd/61/13/2067884.pdf.



tax arrangement with the United Kingdom has led to the opening of investigations or advancement of existing investigations by HMRC.

2. Mutual Legal Assistance

- 2.1 The European Convention on Mutual Legal Assistance (1959) and the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime (1990) have both been extended to Guernsey.
- 2.2 Mutual legal assistance is provided by the Law Officers of the British Crown under a range of Guernsey Laws. Between 1999 and 2007, over 90 requests for information specifically related to taxation matters were received, of which 46 were from the United Kingdom, 28 from other EU Member States, 7 from the United States and 9 from other foreign jurisdictions. In 2008, there were 34 requests of all types. Guernsey does not approach requests to see if they can be rejected but rather offers assistance to other jurisdictions to enable them to perfect their requests so they comply with the form required by the relevant Guernsey Laws.

3. Banking Secrecy and Transparency

- 3.1 Guernsey has never had banking secrecy laws and does not perpetuate a regime of banking secrecy. As in the United Kingdom, general principles of Guernsey law preserve the confidentiality of information properly regarded as private. Against such due respect for privacy, however, must be balanced compliance with domestic law provisions requiring persons to divulge information to relevant authorities (*e.g.*, the Director of Income Tax has extensive information-gathering powers and the Commission has wide-ranging powers of supervision and investigation).⁶ Relevant authorities in Guernsey then share appropriate information with partners internationally.
- 3.2 Guernsey's company law has introduced a new requirement that all private companies in Guernsey appoint a local resident agent who is under an ongoing duty to identify the beneficial owner of that company. That information must be made available to law enforcement and regulatory bodies upon request. Guernsey believes that it is the first jurisdiction in the world to introduce such a regime. This further strengthens the pre-existing Anti-Money Laundering and Combating the Financing of Terrorism ("AML/CFT") regime which requires corporate service providers to identify the beneficial owner of the companies they administer as part of the anti-money laundering regime.
- 3.3 Guernsey has a long-standing commitment to transparency and international co-operation. This was recognised by U.S. Treasury Secretary Paul O'Neill at the signing of the TIEA between Guernsey and the United States in 2002. Treasury Secretary O'Neill said:

The United States and Guernsey already have a close and cooperative relationship on law enforcement matters, including criminal tax matters. We

⁶ See Income Tax (Guernsey) Law, 1975, Part VIA (inserted by the Income Tax (Guernsey) (Amendment) Law, 2005).

are well aware of Guernsey's commitment to cooperation in targeting criminal abuse of the world's financial systems.

This new agreement will formalize and streamline our current cooperation in criminal tax matters and will allow exchange of information on specific request in civil tax matters as well. This agreement is an important development, and further demonstrates Guernsey's long standing commitment to cooperating with the United States on law enforcement matters and to upholding international standards in this area.

Today's agreement with an important financial centre of Europe demonstrates our commitment to securing the cooperation of all our neighbours, not just those near our shores but those more distant too. I hope that Guernsey's cooperation with the United States in negotiating this tax information exchange agreement will serve as an example to other financial centres in its region and around the world.

4. Regulatory Transparency and Information Exchange

- 4.1 The Commission has the legal authority to disclose information to other supervisory authorities. It can also disclose information to other authorities for the purposes of preventing, detecting, investigating and prosecuting financial crime. In addition, the Commission may obtain information from licensees on behalf of foreign supervisory bodies. The Commission shares information with supervisory authorities and other bodies spontaneously, as well as on request. Although it has 15 Memoranda of Understanding ("MoUs") with international partners (including the U.S. Commodity Futures Trading Commission, U.S. Federal Deposit Insurance Corporation and the FSA), an MoU is not required to allow information exchange. In light of the links between UK financial services businesses and Guernsey, it is common for the Commission to co-operate and exchange information with the FSA.
- 4.2 Regarding transparency of transactions, the AML/CFT legislation and rules made by the Commission require financial services businesses to undertake customer due diligence on their potential customers and to look through legal persons, such as companies, legal arrangements and trusts to undertake customer due diligence on beneficial owners, settlors, beneficiaries and other underlying principals, and to maintain both customer due diligence and transaction records. In addition, rules made under the Protection of Investors Law require investor transaction records to be maintained (for example, contract notes). The Attorney General (HM Procureur) and the Commission have powers under the legislation they administer to obtain that information on behalf of foreign authorities and to disclose it to those authorities.



5. Guernsey's Financial Intelligence Service

- 5.1 The Financial Intelligence Service ("FIS") is responsible for the collation and dissemination of intelligence relating to financial crime in Guernsey.⁷ Formed in 2001, the FIS is operationally independent, although it is staffed and funded by the law enforcement agencies of the Guernsey Police and the Customs and Excise, Immigration and Nationality Service ("Customs"). The strategic aims of the FIS are:
- The provision of quality intelligence with regard to all financial crime, with a special emphasis on combating money laundering and countering the financing of terrorism;
 - The provision of full international co-operation, within the law, to competent and relevant overseas authorities; and
 - The provision of services to enhance the co-ordination and the development of criminal intelligence to combat financial crime.
- 5.2 The staff of law enforcement (the FIS, the Fraud and International Team, and the Commercial Fraud and International Affairs Team) are highly skilled specialists and experienced in the investigation of financial crime. The FIS also is the point of contact for those seeking assistance in relation to financial crime and receives requests for assistance from both local law enforcement and overseas agencies. Since 1997, Guernsey's law enforcement team has been a member of the Egmont Group of Financial Intelligence Units. Where the FIS receives intelligence enquiries of a criminal nature that are proportionate and justified, the FIS does not require an MoU in order to exchange information. However, where an authority in another jurisdiction does require an MoU to allow information exchange, the FIS will enter into such an agreement if there is an operational need. At present, the FIS is party to 13 MoUs with international partners, including the UK Serious Organised Crime Agency ("SOCA").
- 5.3 The FIS is the designated authority to receive suspicious transaction reports ("STRs") in Guernsey. The FIS investigates all STRs with most being disseminated to relevant local and overseas agencies. In 2008, there were 519 disclosures and 465 requests for assistance received, of which 63 percent came from outside Guernsey. STRs largely relate to suspicions of tax evasion, large cash transactions, and unexplained lifestyles. STRs relating to suspected terrorism are relatively rare and comprise only a small portion of reports received. The high number of reports demonstrates the high level of awareness of AML/CFT obligations in the finance industry in Guernsey. Over 75 percent of STRs do not relate to local Guernsey residents. Where there is evidence of tax evasion, it is Guernsey policy to disseminate all STRs to the appropriate jurisdiction as it would any other STR relating to any other criminal activity. Recent legislation allows intelligence to be disseminated to the SOCA to assist civil investigations in the United Kingdom (and elsewhere). The FIS also regularly provides STRs to EU Member States and OECD countries.

⁷ See the FIS website available at: www.guernseyfis.org. Also available at that website are the FIS annual reports which provide data on the FIS' activities in each year.

5.4 To counter the significant threat posed by sophisticated international money laundering, Guernsey has introduced new legislation to give law enforcement even greater powers to freeze and recover the proceeds of crime through both criminal and civil action. The laws also make it easier for law enforcement to prosecute money laundering offences. Guernsey regularly assists other jurisdictions that request assistance in obtaining evidence, tracing and freezing assets, and recovering assets related to criminal proceedings. Guernsey has had considerable success in freezing and recovering assets on behalf of many other jurisdictions, including the United Kingdom⁸, other EU Member States⁹ and the United States. In many cases, substantial sums were involved and repatriated to the requesting nation. A significant portion of matters in which Guernsey provides assistance relate to taxation.

6. AML/CFT Framework

- 6.1 Guernsey's AML/CFT regime complies with the FATF standards. The Guernsey authorities are committed to ensuring that money launderers, terrorists, those financing terrorism and other criminals, including those seeking to evade tax, cannot launder those criminal proceeds through Guernsey, or otherwise abuse Guernsey's finance sector. The AML/CFT authorities in Guernsey endorse the FATF's 40 Recommendations on Money Laundering and the FATF's Nine Special Recommendations on Terrorist Financing. Guernsey has introduced new legislation, amended existing legislation, and the Commission has introduced rules and guidance in order to continually keep compliant with the FATF's developing standards.
- 6.2 All businesses and individuals are required by the AML/CFT legislation to report possible money laundering when they suspect or have reasonable grounds to suspect that funds are the proceeds of criminal activity. This includes tax evasion. The same obligation to report suspicion applies to assets where there are reasonable grounds to suspect or they are suspected to be linked or related to, or to be used for terrorism, terrorist acts or by terrorist organisations or those who finance terrorism. Businesses and individuals reporting suspicion are protected by law from any breach of confidentiality.
- 6.3 Extensive AML/CFT countermeasures apply to all financial service businesses operating in Guernsey, plus trust and company service providers, all of which are subject to regular on-site inspections by the Commission. The international standards set by the FATF did not apply to trust and company service providers until June 2003. However, the revised AML/CFT framework that entered into force in Guernsey on 1 January 2000 subjected trust and company service providers to AML/CFT regulation well before the FATF requirements. As a result, since 2000 trust and company service providers have been required to identify the beneficial owners of companies, the identity of settlors and beneficiaries of trusts and the identity of any other underlying principals.

⁸ The number of requests from the United Kingdom amount to 49% of the total number requests for assistance.

⁹ The number of requests from other EU Member States amount to 30% of the total number of requests for assistance.

7. Stolen Asset Recovery Initiative

- 7.1 In March 2008, the World Bank and the United Nations Office on Drugs and Crime invited Guernsey to participate in the Stolen Asset Recovery Initiative (“StAR Initiative”), a project endorsed at the G20 meeting in Washington in November 2008. The StAR Initiative is an integral part of the World Bank’s anti-corruption strategy and will enhance co-operation, build relationships and help developing countries recover stolen assets. Guernsey has a continuing involvement in the project and has been asked, and agreed, to participate in two further projects under this initiative.



APPENDIX D:

Statement for the Record Submitted to the Senate Finance Committee Hearing
"Offshore Tax Evasion: Stashing Cash Overseas," May 3, 2007



**Senate Finance Committee Hearing
“Offshore Tax Evasion: Stashing Cash Overseas”
May 3, 2007**

Statement for the Hearing Record

Submitted by Deputy Mike Torode, Chief Minister of the States of Guernsey

Chairman Baucus, Ranking Member Grassley, Members of the Committee, I have the honour to provide you with this written testimony on behalf of Guernsey on the subject of offshore tax evasion.

Guernsey understands that the main purpose of the hearing was to consider overcoming difficulties caused in collecting U.S. tax revenue as a result of U.S. taxpayers holding assets and conducting transactions outside the United States, particularly in countries that are colloquially and pejoratively referred to by some as “tax havens”.

As Guernsey has been included in the list of “offshore secrecy jurisdictions” in bill S.681 introduced by Senator Levin and as a “tax haven country” in bill S.396 introduced by Senator Dorgan, I am grateful for this opportunity to set out Guernsey’s views and to comment on information provided in the testimonials to the Finance Committee.

Preliminary

Please note the list of “tax havens” contained in Box I of Mr. Jeffery Owens’ testimony (on page 6), and the subsequent revised list at Box II (on page 7). Guernsey does not appear in the latter as a result of its co-operation with the Organisation for Economic Co-operation and Development (“OECD”) initiative on harmful taxation.

The OECD stated in its 2006 Global Forum Report on Tax Competition that *“if a country chooses to use a list of countries derived from the OECD list [list of tax havens published in 2000] it should do so based on the relevant current facts. Thus, progress made in the implementation of the principles of transparency and effective exchange of information in tax matters should be taken into account by such countries and their legislatures. The 2000 OECD list should be seen in its historical context [the 2000 report described the list as follows: “this listing is intended to reflect the technical conclusions of the Committee only and is not intended to be used as the basis for possible coordinated defensive measures”] and as an evaluation by OECD Member Countries at a particular point in time of which countries met the criteria set out in the 1998 report. More than five years have passed since the publication of the OECD list and positive changes have occurred in individual countries transparency and exchange of information laws and practices since that time.”*

In the following testimony, I shall provide some detail on Guernsey's governance and economy, and then outline its involvement in, and cooperation with, various international reviews and initiatives in recent years. In conclusion, I shall comment on the testimony already given.

Introduction to Guernsey

Guernsey is one of the Channel Islands located 60 miles south of the English coast and 30 miles from the west coast of Normandy in France. It has a population of approximately 60,000 and is some 24 square miles in area. The Bailiwick of Guernsey includes the smaller islands of Alderney and Sark which are partially self-governing dependencies of Guernsey. Guernsey criminal law and financial services regulation extends to and is enforced in both.

Guernsey is a dependency of the British Crown. However, it is not part of the United Kingdom ("UK"), England or Great Britain. It is self governing with its own Parliament of 47 members known as the States of Deliberation. It enjoys full independence except in the areas of international relations and defence which are the Crown's responsibility exercised by and through Her Majesty's Ministers. Where international commitments are made on Guernsey's behalf, it must be consulted by the UK in advance. The Island is not represented in the UK Parliament and Acts of Parliament do not apply to it except with Guernsey's consent.

The Crown constitutionally acts by and through its Privy Council which is not a UK Ministry. The UK's Department with responsibility for insular affairs is the Ministry of Justice (formerly the Department for Constitutional Affairs) presided over by a Privy Councillor, presently Lord Falconer.

Guernsey is not a member of the European Union ("EU") but has a special relationship with the EU by virtue of Protocol 3 to the UK's 1972 Treaty of Accession.

Guernsey has domestic competence in legislative and fiscal matters. With respect to Tax Information Exchange Agreements ("TIEAs"), the UK has formally entrusted to Guernsey the right to negotiate, conclude, and implement TIEAs with OECD and EU Member States.

Guernsey is in monetary union with the UK, and hence operates within its banking and payment systems but, at the same time, Guernsey issues its own currency notes and coins.

Guernsey has a strong and diverse economy which includes financial services, light industry, horticulture and tourism. Guernsey's position in the English Channel encouraged its development as a trading community long before its development as a finance centre. That development occurred naturally rather than as a result of governmental decisions to create Guernsey as an international finance centre. It was an attractive place to conduct financial business because of its long history of commercial

activity, its political and economic stability, and its relatively low income tax regime (20%). But of course other factors have more recently contributed to this activity, including the development of a skilled and experienced workforce, good communications links and, in particular, a sophisticated and responsive judicial system. Allied to this is a responsive approach of Guernsey's government to assist and encourage reputable business, and to embrace and apply developing international standards of regulation and conduct to such business.

While the economy continues to be predominantly service-sector driven, the financial services sector is dominant and very much tied to global markets. This sector is based on a balanced range of providers broadly comprising: banking; investment funds; insurance; fiduciary services (trust and company administration); pensions and employee benefits; and accountancy and legal services. It has its own independent stock exchange (the Channel Islands Stock Exchange) and a training facility with programs tailored to the needs of its financial service sector. Businesses work with an independent regulator, the Guernsey Financial Services Commission ("GFSC"). Guernsey is committed to meeting international standards.

Guernsey's Regulatory System

The GFSC was one of the world's first unitary regulatory bodies, and is now responsible for the regulation of banks, insurers and insurance intermediaries, investment firms, trust companies, company administrators and company directors in the Bailiwick.

Guernsey is also one of the world's few jurisdictions to regulate company and trust service providers to the same international standards expected for regulating banks, insurers and investment firms. This regulation has been in place since 2000.

In addition, the approval of the GFSC is required to incorporate companies in Guernsey which is one of the world's few jurisdictions where beneficial ownership information is obtained by the authorities. Guernsey company law does not permit Guernsey companies to issue bearer shares. Guernsey does not possess, and never has possessed, secrecy legislation of any kind.

The GFSC is committed to compliance with established international standards on regulation and supports the Attorney General and Guernsey's law enforcement agencies in ensuring the highest standards of criminal justice. This includes the standards established by the Financial Action Task Force ("FATF"), the Basel Committee on Banking Supervision, the International Organization of Securities Commissions ("IOSCO"), the International Association of Insurance Supervisors and the Offshore Group of Banking Supervisors. Guernsey will continue to meet these standards as they develop.

All business entities must meet minimum criteria for licensing contained in the relevant laws. By pursuing a policy of selectivity in vetting new entrants to the finance sector the GFSC has been able to reduce the risks of poor quality businesses being established in

Guernsey. The key regulatory issue for the GFSC is whether applicants for licences are fit and proper (that is, whether applicants, their owners and their directors are honest, competent and solvent) and whether licensees continue to be fit and proper.

Guernsey has qualified intermediary status following the U.S. Internal Revenue Service approval of Guernsey's "know your customer" provisions for the purposes of its rules on withholding tax.

International Reviews and Initiatives

A review of financial regulation in Guernsey ("the Edwards Report", posted at: www.archive.official-documents.co.uk/document/cm41/4109/4109.htm) was undertaken in 1998 by the UK Government with cooperation from Guernsey. The Edwards Report identified several key factors, such as stable government, international reputation and a responsive administration which resulted in Guernsey becoming established as an international finance centre. This clearly illustrated, as noted earlier in my statement, that there are a number of non-fiscal factors that have historically attracted businesses to Guernsey.

There have been a number of independent reviews since 1998 that have concluded that Guernsey has a comprehensive anti-money laundering, counter terrorist financing and regulatory system and that this system is enforced. For example, a FATF review, as part of its non-cooperative countries and territories programme in 2000, concluded that Guernsey is a cooperative jurisdiction. Guernsey continues to have in place and enforces a comprehensive and robust regime for cooperating with other jurisdictions.

Indeed, Guernsey's regulatory, anti-money laundering and counter-terrorist financing framework was commended in a report published in October 2003 by the International Monetary Fund ("IMF"). The report shows Guernsey's high standards of compliance with global regulatory, anti-money laundering and counter-terrorist financing standards. Guernsey looks forward to welcoming a further routine review by the IMF in 2008.

Guernsey was assessed by the IMF in 2003 to have a high level of compliance for each of the international standards against which the Bailiwick was judged: the Basel Core Principles for Effective Banking Supervision; the Insurance Core Principles of the International Association of Insurance Supervisors; the Objectives and Principles of Securities Regulation of IOSCO; and the FATF 40+8 Recommendations. Guernsey's legal framework for company and trust service providers was also found by the IMF to be fully consistent with the Offshore Group of Banking Supervisors Statement of Best Practice for Company and Trust Service Providers. All of these standards have been adopted by Guernsey as the foundations on which to build its reputation as a leading finance centre.

The U.S. Department of State stated in its 2007 International Narcotics Control Strategy Report that: "*Guernsey has put in place a comprehensive anti-money laundering regime, and has demonstrated its ongoing commitment to fighting financial crime. Bailiwick*

officials should continue both to carefully monitor Guernsey's anti-money laundering program to assure its effectiveness, and to cooperate with international anti-money laundering authorities.” This Guernsey is doing energetically.

To ensure that Guernsey continues to be effective against financial crime it has recently commissioned the Police and Customs & Immigration Services to carry out a wide ranging review of their activities in order to ensure that they have sufficient resources, the necessary skills and legislation to effectively and pro-actively counter those who seek to abuse the Island's financial services to place and launder the proceeds of their criminality. This review will further enhance Guernsey's excellent track record of international co-operation particularly with the United States on whose behalf Guernsey has currently restrained approximately \$150,000,000 of assets pending the completion of on-going judicial proceedings.

Guernsey also plays an active role within international groups such as The Egmont Group and the Camden Assets Recovery Inter-Agency Network (“CARIN”) on which the United States also participate as equal members. Guernsey hosted the Egmont Plenary in 2004.

Guernsey's Relationship with the European Union

Guernsey is not within the EU's fiscal territory nor its single market for financial services. However, within this constitutional context Guernsey's Parliament has repeatedly indicated its willingness to participate in a constructive dialogue about the development of international standards, which must be respected by all jurisdictions. As a matter of high policy Guernsey does not assist the evasion or unlawful avoidance of taxation lawfully due in other territories. Guernsey therefore responded to the elements of the EU Tax Package that were relevant to Guernsey – the Directive on Taxation of Savings and the Code of Conduct on Business Taxation.

In relation to the EU Savings Directive, Guernsey agreed to implement measures equivalent to those in the Directive adopting measures based on a retention (withholding) tax on EU resident individual savings income which provides those investors with the choice to opt out of the tax by authorising disclosure of information to their home authority. Guernsey has since signed 27 bilateral savings tax agreements with each of the EU Member States to implement the measures.

With regard to the Code of Conduct, Guernsey's Parliament, in June 2006, agreed to a revised corporate taxation structure which is fully compliant with the Code.

The OECD and TIEAs

In 2002, following acceptance by the OECD of important principles, Guernsey gave a commitment to enter into agreements to exchange information on request for tax

purposes. The principles included recognition by the OECD of the importance of a “level playing field” and that Guernsey already had existing legislation facilitating exchange of information in criminal tax matters. In return, Guernsey undertook to reflect the OECD’s principles of exchange of information on request and transparency both in a general political commitment and in TIEAs to be negotiated with individual jurisdictions. Guernsey’s first priority for concluding a TIEA was with the United States. A TIEA was signed on 19th September 2002 and has been fully in force for more than a year.

Comments for Consideration by the Finance Committee

Guernsey/United States Tax Information Exchange Agreement

As stated above Guernsey concluded a TIEA with the US, which was signed in September 2002, and came into force fully on 1st January 2006 (the text of the TIEA is posted at: www.gov.gg/tax). At the time of its signing, Treasury Secretary Paul O’Neill made the following comments:

“The United States and Guernsey already have a close and cooperative working relationship on law enforcement matters, including criminal tax matters. We are well aware of Guernsey’s commitment to cooperation in targeting criminal tax abuse of the world’s financial systems. This new agreement will formalise and streamline our current cooperation in criminal tax matters and will allow exchange of information on specific request in civil tax matters as well. This agreement is an important development, and further demonstrates Guernsey’s long standing commitment to cooperating with the United States on law enforcement matters and to upholding international standards in this area. I have spoken on numerous occasions about our obligation to enforce our tax laws, because failing to do so undermines the confidence of honest taxpayers in the fairness of our tax system. Access to needed information is vital to our efforts to ensure enforcement of our laws....Today’s agreement with an important financial centre of Europe demonstrates our commitment to securing the cooperation of all our neighbours, not just those near our shore but those more distant too.”

This means that Guernsey is able to exchange information, in accordance with the terms of the TIEA, in respect of both civil and criminal tax matters. It should be noted, however, that Guernsey has a long history of providing information to other territories, including the United States in respect of criminal tax matters.

The terms of the TIEA substantially follow the OECD Model TIEA. In summary, Guernsey is able to provide and request information in respect of:

- Information held by banks and other financial institutions, and any other persons, including those acting in an agency or fiduciary capacity (including nominees and trustees); and
- Information regarding the *beneficial* (as opposed to merely legal) ownership of companies, partnerships and other persons.

This information is provided in respect of anyone who is liable to U.S. tax regardless of their residence.

In order to ensure that it had the necessary legislative backing for the TIEA, Guernsey introduced significant additional information-gathering powers. These are contained in Sections 75A to 75Q of the Income Tax (Guernsey) Law 1975, as amended. These rules may be viewed at www.gov.gg/tax.

Information on Guernsey's tax information exchange arrangements and our legal and administrative frameworks for tax purposes can be found in Annex IV of the OECD report on "Tax Cooperation: Towards a Level Playing Field – 2006 Assessment by the Global Forum on Taxation."

In summary therefore, for any circumstances where the United States requires information held in Guernsey for a bona fide tax investigation, the Guernsey authorities have the necessary structure and powers in place to obtain and provide that information.

It should also be noted that Guernsey is currently in discussion with a number of other OECD countries regarding the possibility of concluding further TIEAs. At present, negotiations are ongoing with nine OECD members.

Other Significant Areas of Cooperation with the United States

Guernsey's Attorney General enjoys an excellent working relationship with the U.S. Department of Justice in Washington and with a number of U.S. Attorney's Offices around the country including Florida, New York and Arizona as well as agencies such as the Federal Bureau of Investigation and the U.S. Postal Inspection Service.

Guernsey has assisted with approximately 38 letters of request in the last 7 years. One notable example in 2004 involved the restraint of approximately \$144,000,000 either held in, or under administration in, Guernsey. Whilst the defendant was convicted in respect of a number of counts involving fraud and money laundering the case also demonstrates Guernsey's willingness to assist in non-conviction based asset forfeiture actions in the United States, a process in relation to which many jurisdictions do not provide assistance. Indeed, Guernsey's senior prosecutor has been invited during the last two years to attend and participate in the annual conference of the U.S. Department of Justice Asset Forfeiture Department in recognition of the valued cooperation provided.

An example of funds being repatriated involved a case being prosecuted by the South Manhattan District Attorney's Office in 2000 where the sum involved was \$1.8 million. District Attorney Robert Morgenthau personally thanked Guernsey for its assistance during a meeting in New York. More recently, requests from Florida and Texas to enforce U.S. forfeiture orders are being actioned that will result in significant sums being sent back to the United States. One example alone involves \$2,870,000.

Assistance is also rendered to the U.S. Securities and Exchange Commission in relation to their enquiries into, for example, insider dealing. An application to restrain funds on their behalf is presently being actioned.

I would also refer to a publication showing how states and territories will receive assistance in and from Guernsey which is further evidence of our record of cooperation. The document can be found at www.gov.gg/ccm/cms-service/download/asset/?asset_id=1437010. Statistics provided by Guernsey's Financial Intelligence Service indicate that an average response to a mutual assistance request originating from the United States will receive an initial reply within 3.2 working days.

Comments on Testimony to the Finance Committee

Guernsey notes the testimony given by Acting International Tax Counsel John Harrington and by Jeffery Owens of the OECD. Both are clearly experienced and authoritative professionals in the area of international tax matters, and their views thus warrant careful note.

Both set out important criteria for ensuring effective exchange of information and for determining whether jurisdictions have taken sufficient steps to achieve this.

For example Mr. Harrington emphasized:

- Exchange in both civil and criminal tax matters is needed;
- Information should be available in respect of non-U.S. residents;
- Domestic confidentiality (*e.g.* bank secrecy) must be over-ridden; and
- There should be no requirement for a domestic tax interest in the country subject to the request.

Guernsey's TIEA with the United States, signed almost five years ago, meets all of these requirements.

Mr. Owens also highlighted secrecy, non-transparency and lack of bi-lateral and multi-lateral cooperation as barriers to improving the efficiency of global tax collecting. As detailed above, Guernsey's efforts in this regard are equal to and, in some cases, better than many OECD centres.

In addition, Mr. Owens helpfully set out (on page 5 of his written testimony) a number of criteria which the OECD believes provide an objective definition of what might constitute a "tax haven". Guernsey clearly does not fall within these criteria, as outlined. Although there are low rates of tax on certain income, as Mr. Owens points out, this alone is never sufficient to categorize a territory as a tax haven.

Guernsey is particularly pleased to note Mr. Owens mention that Guernsey has "implemented high standards of transparency".

The efforts Guernsey has made are also evidenced when considering the areas Mr. Owens also highlights, on page 8 of his testimony, his belief that further work might be needed. Guernsey is already able to fulfil all of these criteria, as a result of its commitment to meeting international standards.

Finally, Guernsey would endorse Mr. Owens' observations:

- That jurisdictions which have already moved to providing "legitimate financial services" should be encouraged and rewarded by political recognition and integration into international financial systems, (on page 15 of his testimony); and
- That it would be counter-productive to blacklist countries (as proposed by Senator Levin's bill), where those countries have worked with OECD and the United States on information exchange.

"Blacklisting" is supported by Professor Avi-Yonah in his testimony, and for the reasons outlined by Mr. Owens, Guernsey would argue that this would be inappropriate, so far as it is concerned, because, as can be seen from the above, Guernsey is a well-regulated and co-operative financial centre. It is therefore suggested that, if the United States Treasury does indeed seek to draft such a blacklist, it should exclude those countries that have concluded a comprehensive TIEA with the United States, including Guernsey. Not only would such action demonstrate the good faith of the United States towards its treaty partners, but it would act as a strong stimulus to those countries and territories who do not meet such standards of cooperation to do so.

Finally, there are one or two aspects of Professor Avi-Yonah's testimony which need clarification at least in so far as they relate to Guernsey.

On page 4 of his written testimony, he suggests that most of the U.S. existing information exchange agreements provide only for criminal tax matters. As has been outlined, Guernsey's TIEA provides for full exchange in respect of civil and criminal tax matters.

On page 6, at paragraph b, he proposes that all TIEAs should be re-negotiated to include automatic exchange, civil tax matters, and to remove secrecy and a requirement for "dual criminality". Whilst the TIEA does not include automatic exchange (and, indeed, in his testimony, Mr. Harrington expressed reservations on the effectiveness of automatic exchange), it does cover the other aspects suggested.

Conclusion

Guernsey's Parliament has formally endorsed and continues to endorse, as part of its key corporate policy, the need to demonstrate responsible and cooperative behaviour with regard to other jurisdictions, global issues and accepted international standards.

It is hoped that the above comments will assist the Committee in its deliberations, and that it can be seen that Guernsey should be regarded as a well regulated, co-operative and responsible international financial centre rather than a "tax haven". In particular, it is suggested in the strongest possible terms that Guernsey's name should not appear on any list of non-cooperative jurisdictions which might in the future be formulated by the U.S. Treasury Department.

We thank the Finance Committee for the opportunity to comment on these globally important issues and look forward to working with the Committee on these matters.

Submitted May 17, 2007

APPENDIX E:

Letter from Deputy Assistant Treasury Secretary (International Tax Affairs)

Michael Mundaca to

General Accountability Office Director (Tax Issues) James R. White,

December 2008



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Mr James R. White
Director, Tax Issues
Strategic Issues Team
General Accountability Office
441 G St., NW
Washington, DC 20548

Dear Mr White:

The Treasury Department takes offshore tax evasion by individuals and corporations very seriously, and has taken strong administrative and regulatory steps to address the problem. In addition, the Treasury Department will continue to expand our tax treaty and tax information exchange agreement network so that the United States can obtain the information about individuals and corporations and the administrative assistance from other countries that the United States needs to enforce its tax laws. In the "Declaration of the Summit on Financial Markets and the World Economy," released on November 15, 2008, the Leaders of the Group of Twenty, which includes the United States, reiterated the need to "continue efforts to promote tax information exchange" and that "[l]ack of transparency and a failure to exchange tax information should be vigorously addressed." The United States has long been a leader in encouraging tax information exchange and greater transparency, and will continue to be so.

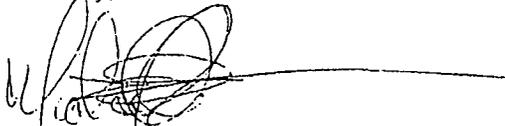
We remain concerned, however, about the use of lists of so-called "tax havens." In the draft report entitled "International Taxation: Large U.S. Corporations and Federal Contractors with Subsidiaries in Jurisdictions Listed as Tax Havens or Financial Privacy Jurisdictions" (GAO-09-157), the Government Accountability Office (GAO) correctly notes that there is no agreed-upon definition of tax haven or list of jurisdictions that should be considered tax havens. Nonetheless, the draft report proceeds to characterize jurisdictions as tax havens by including them on a tax havens list. Although the report asserts that the GAO did not develop its own definition of tax haven or its own list of jurisdictions, the GAO does indeed produce such a list in the draft report, compiled from three other lists.

One list used in the draft report is that released in 2000 by the Organisation for Economic Co-operation and Development (OECD) of jurisdictions that have committed to improving transparency and effective exchange of information for tax matters and jurisdictions that have not made such a commitment. Since that list of jurisdictions was released, however, the vast majority of listed jurisdictions have committed to meeting-OECD standards of transparency and effective exchange of information. Moreover, many of the jurisdictions on that 2000 OECD list have signed tax information exchange agreements with the United States. Thus, the 2000 OECD list includes countries from which we can obtain information and that have committed to establishing effective information exchange. Although the draft report acknowledges that the list is outdated, the report surprisingly uses the lack of any "updated" list from the OECD as the rationale for using the out-of-date list.

In addition to using a list produced by the National Bureau of Economic Research (NBER), the GAO also uses an Internal Revenue Service (IRS) "John Doe" summons issued in 2005 to compile its "tax havens" list. Use of the IRS summons is particularly problematic. The IRS summons lists 34 jurisdictions from which the IRS was seeking information about individuals who had signature authority over bank accounts or credit cards issued by, through, or on behalf of financial institutions in those jurisdictions. The list of jurisdictions in that summons was put together for a very specific purpose and was not at all intended to suggest a general list of jurisdictions that the Treasury Department and IRS consider tax havens. Moreover, the specific nature of the John Doe summons – which focused on individual taxpayers – makes use of the list of countries in that summons all the more inapposite since the draft GAO report deals not with individuals but with foreign subsidiaries of U.S. corporations. Because the problems identified in the draft report and the John Doe summons are so different, it is unclear what relevance the list of countries in the John Doe summons has in the context of the report. For those reasons, we requested that the GAO not use the summons list as a source for its tax havens list. Moreover, we are concerned that such use will lead others to believe that the Treasury Department intended the summons list to be a list of tax havens.

Although the Treasury Department appreciates the GAO's efforts to simplify what is a complex area, oversimplification can lead to misunderstandings and mistakes. The lack of a universally accepted list of "tax havens" simply reflects the fact that the term does not have a universally accepted definition. That lack of consensus results from the fact that the different problems presented by so-called tax havens often involve different groups of countries. For example, the list of countries that will not agree to exchange tax information is not co-extensive with the list of countries that do not impose an income tax. Even though coming up with a list of tax haven countries has significant appeal, any list of countries is likely to be under-inclusive as well as over-inclusive, depending on the problem meant to be addressed. Moreover, because any such list is likely to be regarded as a blacklist and may be used as the basis for the imposition of sanctions or other negative measures, such a list may inappropriately negatively affect our economic and other relations with listed countries.

Sincerely,



Michael Mundaca
Deputy Assistant Secretary
(International Tax Affairs)

APPENDIX F:

Biographies

1. Deputy Lyndon Trott, Chief Minister, States of Guernsey
2. Mike Brown, Chief Executive, States of Guernsey
3. Jonathan Hooley, Adviser External Affairs (International Tax Matters)

Deputy Lyndon Trott

- **Chief Minister of Guernsey**
- **Chairman, Bailiwick of Guernsey Emergency Powers Authority**
- **Governor, Elizabeth College**



Lyndon Trott has extensive corporate governance experience from a broad range of commercial and political environments together with proven strategic thinking skills and delivery record.

He was born in 1964 and was educated at Elizabeth College before training as an Accountant. In 1984 he joined the merchant bank Guinness Mahon & Co. Ltd. (now known as Investec Bank) as assistant Finance Director. In 1986 he moved to the bank's treasury department and had particular responsibility for the bank's foreign exchange trading book. Following secondment to head office in the City of London, Lyndon returned to Guernsey to become a manager in its Guernsey treasury operation.

For nine years, until the summer of 2008, Lyndon was the Financial Controller and Company Secretary of the major firm of Chartered Architects & Chartered Surveyors in the Channel Islands.

In 2000 he was elected to the States of Guernsey at the first attempt and became its then youngest member. Early political responsibilities included trade and industry. In 2004 Lyndon was re-elected and became the Island's first Treasury & Resources Minister.

As a Minister, Deputy Trott was also a Member of the Policy Council and had particular involvement in Guernsey's fiscal and economic reform, which resulted in substantial changes to the Island's corporate tax regime.

In May 2008, Lyndon was elected Chief Minister of the Island of Guernsey, a position he will hold until 2012.

As Chief Minister his role involves chairing the Island's Policy Council which comprises 11 members – the Chief Minister and 10 Ministers. Each Minister is responsible for one of the 10 Guernsey Government Departments.

In addition he is Chair of the External Relations Group, which carries out the Policy Council's functions relating to international agreements and constitutional and external relationships. This has seen Lyndon actively engaging in external relations and promoting Guernsey on the international stage.

Mike Brown

Chief Executive Of The States Of Guernsey



Mike commenced his career in the accounting profession in London and qualified as a Chartered Accountant in 1977. He joined the Guernsey Treasury in 1978. He was later appointed as Deputy States Treasurer and then States Treasurer in 1986 where he had executive responsibility for all governmental finances including the annual budget and the Island's currency.

In 1993 he was promoted to States Supervisor, a post which became the Chief Executive of the States of Guernsey in 2004, and head of the Island's Civil Service. Since that time Mike has had lead executive responsibility for international relations particularly focussing on international tax issues. He played a lead role in the discussions with the European Commission on the EU Tax Package in particular the Directive on Taxation of Savings which included the negotiation of 27 bilateral tax agreements with the EU Member States.

In parallel Mike has also represented Guernsey in discussions with the OECD Secretariat which resulted in an agreement with the OECD in 2002 that Guernsey was recognised as a cooperative jurisdiction. Mike has also represented Guernsey at a number of Global Forum meetings.

Mike was directly involved in discussions leading to the signing a Tax Information Exchange Agreement with the United States in 2002 and attended the signing ceremony in Washington on 19th September. Mike is the executive lead involved in the continuing discussions with other OECD member states on TIEAs.

Together with Guernsey's Attorney General he has visited Washington on a number of occasions to develop and maintain links with contacts at the US Treasury, IMF, the World Bank and the offices of the District Attorney of New York.

As Chief Adviser to the States of Guernsey Policy Council he has had particular involvement in Fiscal & Economic Reform, which has resulted in substantial changes to the Islands corporate tax regime.

Jonathan Hooley
Adviser External Affairs



Jonathan Hooley is a Guernsey born chartered accountant who has spent most of his career working with one of the Big 4 firms of accountants in London.

On graduating in law and accountancy in 1976, Jonathan trained as a chartered accountant in London. After qualifying in 1979, he was seconded to San Francisco, participating in his firm's international career development programme for highly graded employees.

On returning to London in 1982, Jonathan specialised in international tax advisory work. He qualified as a chartered tax advisor in 1983.

Jonathan worked as an international tax partner in London advising a variety of financial and other commercial organisations until 1995 when he transferred to the Channel Islands. During this time he worked closely with the UK Inland Revenue in assessing the tax treatment of the new forms of financial transactions that were developing at that time.

Since retiring at the senior partner of the Channel Island firm on 30 September 2007, Jonathan has accepted appointments to the boards of two UK listed investment funds, for which he also acts as the chairman of their audit committees. In this time Jonathan qualified as a chartered director, gaining a distinction in the certificate stage exam.

On 1 October 2007 Jonathan was appointed as the chairman of the Channel Islands Stock Exchange, an organisation with which he has been closely associated since its establishment in 1998.

While in public practice, Jonathan advised the States of Guernsey on an informal basis for a number of years on its response to the OECD and EU tax initiatives. Since his retirement this role has been formalised and at the beginning of 2008 he was appointed as an adviser to the States of Guernsey Policy Council's. As such, he acts as Guernsey's principal negotiator of international tax agreements.

Contact Details

Deputy Lyndon Trott, Chief Minister: lyndon.trott@gov.gg

Mike Brown, Chief Executive: mike.brown@gov.gg

Jonathan Hooley, Adviser, External Affairs: jonathan.hooley@cwgsy.net

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SECTION V – INFORMATIONAL MATERIALS

Copy of materials disseminated on behalf of the Government of the States of Guernsey to Treasury, State Department and Congressional Committees via e-mail and mail as indicated in item 12.

NSD/CES/REGISTRATION
UNIT
2009 NOV -4 AM 8:44

Guernsey-Robert Roach (PSI)
Thank You Letters
Meeting Date: May 6, 2009

NSD/CES/REGISTRATION
UNIT
2009 NOV -4 AM 8:44

Letter to:

Robert L. Roach, Esq.
Counsel & Chief Investigator
Permanent Subcommittee on Investigations
199 Russell Senate Office Building
Washington, DC 20510
bob_roach@hsgac.senate.gov

Dear Bob:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us again regarding the "Stop Tax Haven Abuse Act," which would "blacklist" Guernsey as an "offshore secrecy jurisdiction." Our discussion was very informative and productive, and I especially appreciate the extra time you dedicated to our meeting.

I understand Chairman Levin's desire to use an initial list of jurisdictions in legislation to combat offshore tax evasion. However, I would respectfully suggest that the list in the "Stop Tax Haven Abuse Act" be revised to reflect only those jurisdictions that the Organisation for Economic Co-operation and Development ("OECD") has determined have not implemented the internationally agreed tax standard, which requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes.

A copy of this OECD list, which was issued on April 2, 2009, is attached. As we discussed, attached is the *Economist* article on the study by Griffith University Professor Jason Sharman on the ability to anonymously open accounts and incorporate businesses around the world and the underlying draft study. Also attached is an excerpt of the testimony of IRS Commissioner Doug Shulman on blacklisting at a March 31, 2009 House Subcommittee on Select Revenue Measures hearing on offshore tax evasion.

I look forward to seeing you again in either the United States or Guernsey. If you have any further questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. As always, we will continue to keep you informed of Guernsey's efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

Lyndon Trott

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-------------|--------------------|----------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens³ | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | 2002 | (4) | Nauru | 2003 | (0) |
| Bahamas | 2002 | (1) | Netherlands | 2000 | (7) |
| Bahrain | 2001 | (6) | Antilles | | |
| Belize | 2002 | (0) | Niue | 2002 | (0) |
| Bermuda | 2000 | (3) | Panama | 2002 | (0) |
| British Virgin Islands | 2002 | (3) | St Kitts and Nevis | 2002 | (0) |
| Cayman Islands ⁴ | 2000 | (8) | St Lucia | 2002 | (0) |
| Cook Islands | 2002 | (0) | St Vincent & Grenadines | 2002 | (0) |
| Dominica | 2002 | (1) | Samoa | 2002 | (0) |
| Gibraltar | 2002 | (1) | San Marino | 2000 | (0) |
| Grenada | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Liberia | 2007 | (0) | Vanuatu | 2003 | (0) |
| Liechtenstein | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

¹ The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

² Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

³ These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

⁴ The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 11 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

⁵ Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

FINANCE & ECONOMICS

The G20 and tax

Haven hypocrisy

Mar 26th 2009 | BERLIN
From The Economist print edition

Big economies are leaning on offshore tax havens. But greater abuse may be taking place at home

MONEY launderers are moved by greed, unlike Jason Sharman, a political scientist at Australia's Griffith University. Yet with a budget of \$10,000 and little more than Google (and the ads at the back of this paper), he showed how easy it was to circumvent prohibitions on banking secrecy, forming anonymous shell companies and secret bank accounts across the world. In doing so he has uncovered an uncomfortable truth for many of the leaders of Group of 20 nations meeting on April 2nd to discuss, among other things, sanctions against offshore tax havens. The most egregious examples of banking secrecy, money laundering and tax fraud are found not in remote alpine valleys or on sunny tropical isles but in the backyards of the world's biggest economies.



Wyoming, the Switzerland of the Rocky Mountains

At issue is not banking secrecy as the Swiss once knew it, where discreet men in plush offices promised to take the names of their clients to the grave. This is a more insidious form of secrecy, in which authorities and bankers do not bother to ask for names, something long outlawed in offshore tax centres such as Jersey and Switzerland but which

has persisted in America. For shady clients, this is a far better proposition: what their bankers do not know, they can never be forced to reveal. And their method is disarmingly simple. Instead of opening bank accounts in their own names, fraudsters and money launderers form anonymous companies, with which they can then open bank accounts and move assets.

Nowhere is this more prevalent than in America. Take Nevada, for example. Its official website touts its "limited reporting and disclosure requirements" and a speedy one-hour incorporation service. Nevada does not ask for the names of company shareholders, nor does it routinely share the little information it has with the federal government.

There is demand for this ask-no-questions approach. The state, with a population of only 2.6m, incorporates about 80,000 new firms a year and now has more than 400,000, roughly one for every six people. A study by the Internal Revenue Service found that 50-90% of those registering companies were already in breach of federal tax laws elsewhere.

A money-laundering threat assessment in 2005 by the federal government found that corporate anonymity offered by Delaware, Nevada and Wyoming rivalled that of familiar offshore financial centres. For foreigners, America is a particularly attractive place to stash cash, because it does not tax the interest income they earn. Thus with both anonymity and no taxation, America offers them all the elements of a tax haven.

Change may be coming in America, but slowly. In March Senator Carl Levin proposed a law forcing states to identify the beneficial owners of corporations. "For too long, criminals have misused US corporations to hide illicit activity, including money laundering and tax fraud," said Mr Levin. "It doesn't make sense that less information is required to form a US corporation than to obtain a driver's licence."

Yet a similar bill introduced last year died a quiet death in committee.

America is not the only rich nation Mr Sharman tested. He tried to open anonymous shell companies and bank accounts 45 times across the world. These were successful in 17 cases, of which 13 were in OECD countries. One example was Britain, where in 45 minutes on the internet he formed a company without providing identification, was issued with bearer shares (which have been almost universally outlawed because they confer completely anonymous ownership) as well as nominee directors and a secretary. All was achieved at a cost of £515.95 (\$753).

In other cases Mr Sharman formed companies by providing no more than a scanned copy of his driving licence. In contrast, when trying to open accounts in Bermuda and Switzerland, he was asked for documentation such as notarised copies of his birth certificate. "In practice OECD countries have much laxer regulation on shell corporations than classic tax havens," Mr Sharman concludes. "And the US is the worst on this score, worse than Liechtenstein and worse than Somalia."

HEARING OF THE SELECT REVENUE MEASURES SUBCOMMITTEE OF THE HOUSE
WAYS AND MEANS COMMITTEE

■SUBJECT: BANKING SECRECY PRACTICES AND WEALTHY AMERICAN
TAXPAYERS

■CHAIRMAN BY: REP. RICHARD E. NEAL (D-MA)

■WITNESSES PANEL I: DOUGLAS SHULMAN, COMMISSIONER, INTERNAL
REVENUE SERVICE; PANEL II: STEPHEN E. SHAY, TAX PARTNER, ROPES &
GRAY, BOSTON, MASSACHUSETTS; REUVEN S. AVI-YONAH, IRWIN I. COHN
PROFESSOR OF LAW, UNIVERSITY OF MICHIGAN LAW SCHOOL; PETER H.
BLESSING, PARTNER, SHEARMAN AND STERLING, NEW YORK, NEW YORK

1100 LONGWORTH HOUSE OFFICE BUILDING, WASHINGTON, DC
10 A.M. EDT, TUESDAY, MARCH 31, 2009

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216-2706.

REP. DOGGETT: As it relates specifically to the inquiry that you
just received about the so-called blacklist, I want to explore
with you, as you know, the original countries that are listed in
the Stop Tax Haven legislation, grow out of enforcement actions
by the IRS, by your office.

What circumstances, generally, cause you to go in and question a
-- the use of an offshore account in a place like the Cayman
Islands or Panama or some other tax dodging place?

MR. SHULMAN: Well, the list that you mentioned came out of a
initiative that we did where we issued a John Doe summons?

REP. DOGGETT: What is that?

MR. SHULMAN: I'm sorry. John Doe summons is, when we think there
is a class of taxpayers, we have no other way to get at it, and
we have some evidence that there is a class of taxpayers. And
rather than naming a taxpayer by name, you know, Mr. Doggett,

we're looking for your information; we have an identifiable class of taxpayers.

And so we've actually recently issued a John Doe summons on a class of taxpayers in the case that was mentioned before, just saying we think there's a bunch of people. We don't have their names, but we're looking for a bank to come forward with that information.

The list was really never intended -- that list was never intended to say these countries have problems all the way across the board. I mean, whether they do it or not, it was intended for a very specific credit card initiative where we had evidence there were credit cards being issued from those jurisdictions. And we're looking in general for all the names of the credit card holders.

REP. PETER ROSKAM (R-IL): Thank you, Mr. Chairman.

Commissioner, could you just elaborate a little bit more. I sensed sort of healthy honest tension in that exchange, and I don't want to overinterpret it. But can I give you a couple of minutes to highlight for us what some of the concerns may be about what some people are characterizing as a blacklist for company -- for countries. And how that takes a -- how that has an impact on your job as a commissioner that's interacting with other nations seeking cooperation? Can you speak to that, generally?

MR. SHULMAN: Well, I mean, sure. I think, you know, the issue of blacklist has been played out pretty accurately and well in the press. I mean, some will tell you a blacklist is right, because it shames a country into compliance. Some will tell you that a blacklist is horrible because it -- you know, there is a lot of other diplomatic issues, there is a lot of cooperation. You don't want to put countries on list.

My view is that what's important is that we need to have a whole integrated set of tools to combat offshore tax avoidance. I mean, the first most important one is, I've said, this is a

priority for the IRS, and the President said, it's a priority for the administration. People take note.

Second is we're in the process of stepping up and hiring more examiners, more lawyers, more agents, more special agents for criminal investigators, placing more people in other countries. We need to use data better, both data exchanges from other government agencies, third party data, as well as data from other government agencies.

We need to strengthen the QI program. We need to look at legislation and there is a variety of legislative proposals on the table. We need better coordination amongst nations both kind of formal dialogue, but also increased informal dialogue and discussions. So we're seeing trends that are happening. And we need to keep focused on our litigated -- our litigation and our enforcement efforts that have been having some fruit.

And so I guess what I'd say is I think this will continue to be a discussion, clearly there is a discussion at the G-20. It's a discussion that's, you know, happening now at the level of the president.

It doesn't need to happen at the level of the IRS commissioner, but regardless with the outcome of that discussion, there is really a whole suite of things that we need to do to tighten the net around those using the international capital markets to hide assets overseas.

Behind the Corporate Veil: A Participant Study of Financial Anonymity and Crime

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DRAFT—NOT FOR PUBLICATION

ABSTRACT

How can we tell whether rules that apply in theory actually do so in practice? The gap between what formal rules proscribe and their effectiveness may be particularly wide at the international level. This paper tests the effectiveness of international soft law standards prohibiting anonymous participation in the global financial system by seeking to break these standards. Specifically, the author solicited offers for anonymous shell corporations with bank accounts from 45 corporate service providers in 22 countries, and purchased a sub-set of these. Such a direct, participation approach corrects for problems of selection bias, endogeneity and formalism that compromise much of the literature on global governance and regimes. The findings indicate that the prohibition on anonymous corporations is relatively ineffective. Furthermore, the rules are flouted much more in G7 countries than tax havens. The availability of anonymous corporations means that progress on fighting money laundering, tax evasion, grand corruption, and other financial crimes will be slow.

DRAFT—NOT FOR PUBLICATION

Rules are at the heart of the study of politics. But how can we tell whether the rules that apply in theory do so in practice? It is a commonplace that laws, regulations and policies can be a dead letter, completely ineffectual and irrelevant for actors' behavior. The gap between formal rules and actors' behavior may be all the more significant at the international level in the absence of a world government. Yet political scientists have rarely taken the most direct approach to testing the effectiveness of rules: attempting to break them, and seeing what happens. This paper practises just such a participant approach. It is based on seeking to violate recent global soft law standards prohibiting anonymous participation in the international financial system so as to assess the effectiveness of these standards. Such a test is especially apposite in looking at the effect of international rules, long argued to be troubled by particular enforcement difficulties.

Aside from addressing realists' skepticism about international rules in general, this unusually direct approach to testing the impact of global rules helps to counter-act a worrisome bias in the existing literature on global governance and international regimes, which tends to overstate the success of international rules. This propensity springs from three sources: selection bias, endogeneity and formalism. A selection bias exists because states tend to only begin negotiation where they believe there is a reasonable chance of success, meaning that easy issues are favored over difficult ones. Similarly, by and large, international actors only commit to rules when they believe it will be in their interest to follow them (endogeneity). Finally, too often observers have concentrated on the successful conclusion of a treaty, convention, or soft law

standard, rather than evaluating whether such arrangements have made any difference to actors' behavior (formalism). In combination, these biases have often meant that the study of global governance and international regimes has run counter to the general scientific presumption of favoring tough tests over easy ones (Popper 1968; King, Keohane and Verba 1994: 100). By providing a more direct and demanding test, a participation approach helps to re-balance empirical work in this area. And whether as scholars or as citizens, when we ask 'do the rules make a difference?' we are asking whether rules proscribing an activity (speeding, selling cocaine, torture, genocide, nuclear proliferation, polluting etc.) have made it significantly less likely that this activity will occur. In this context, an investigation premised on rule-testing by rule-breaking enjoys an advantage over less direct methods.

The standards in question arise from a recent international campaign to proof the international financial system against financial crime, especially money laundering, large-scale corruption and tax evasion. The proximate goal of this campaign is to ensure that the world's financial and banking systems are transparent and 'legible' (Scott 1998): every actor and transaction within the system must be able to be traced to a discrete, identifiable individual. International organizations, private financial institutions and states have thus diffused rules outlawing anonymous participation in global financial and banking networks, a provision now legislated in over 180 countries (FATF 2007). Anonymity is forbidden precisely because it is so useful for those looking to perpetrate financial crimes.

This paper tests these global rules prohibiting anonymous participation in the international banking system by seeking to break these same rules. The project is based on attempting to found anonymous corporate vehicles which conceal the author's identity, establishing corporate bank accounts for these vehicles, and making wire transfers from these accounts. Such a participant approach (akin to a field experiment) fills an important gap in our knowledge by providing direct, primary empirical evidence about the effectiveness of global governance in this realm. To the extent that the new emphasis on transparency and surveillance renders these attempts difficult or impossible, this would comprise compelling testimony of the power of states, international organizations, soft law and private firms in regulating that supposedly most unfettered subject and agent of globalization: the global financial system. But if breaking the rules by participating anonymously in the global financial system is easy, this provides a strong indication that in this case the rules reflect nothing more substantial than pious hopes. In this case, progress on fighting money laundering, tax evasion, major corruption and related financial crimes will be slow or negligible.

The logic behind this specific research design is that a company or other corporate form (trust, foundation, partnership, etc.) is little more than an alternative legal identity. Because these legal persons can have their own bank accounts, to the extent the true owner of the corporate entity is hidden, all transactions processed through the corporate account became untraceable. Such a corporate veil is thus very useful for those looking to hide criminal profits, make or receive bribes, or escape tax obligations. The research design involved electronically soliciting

offers of anonymous corporate vehicles from 45 different corporate service providers in 22 different countries, and collating the various responses. The next step was to purchase a sub-set of these vehicles to determine whether the prohibitions on anonymous corporate entities (and thus anonymous participation in the international banking system) that apply in theory actually obtain in practice. Beyond assessing the ease or difficulty of establishing anonymous bank accounts overall, this research design also tests relative effectiveness of rules in different types of countries. Specifically, it tests the claim that these global rules are much less effective in offshore financial centers than major OECD economies. Policy-makers in the major institutions of global economic governance have consistently acted on the basis that offshore centers or tax havens pose the greatest threat to the integrity of the financial system, and tend to facilitate the conduct of financial crime through providing strict financial secrecy (G20 2008, especially the sections on Promoting Integrity in Financial Markets; EU 2008; UN-World Bank 2007; FSF 2000, 2007; Senate 2008). Yet this presumption has remained largely untested.

To foreshadow the results, it is relatively easy to break the supposedly hard-and-fast rule prohibiting anonymous participation in the global financial system. Seventeen of the 45 attempts to solicit anonymous corporate vehicles met with success. Of these, 13 of 17 successful approaches were to service providers in OECD countries, compared with only four of 28 in tax havens. Establishing a corporate bank account while preserving this anonymity proved more difficult. Nevertheless, five of the solicitations were successful in obtaining offers for an anonymous corporate vehicle with an associated bank account without having to provide any

certified identification documentation as to the true owner of the company and account. This success rate (indicating that the prohibition was effective almost ninety percent of the time) may seem like an endorsement of the existing rules; after all, no system is perfect. But the author's effort to procure anonymous corporate and banking services was a relatively amateurish, low-budget affair carried out in the absence of any formal legal training or advice, involving Google and a budget of \$20,000. Even such a shoe-string affair managed to break a central principle of global financial regulation relatively quickly, cheaply and without sanction (so far). Compare this with the resources available to the criminal conspiracies perpetrated by rogue corporations like Enron, mafia organizations in Russia and elsewhere, and kleptocrat leaders in Africa and Asia; the hollowness of the rule mandating financial transparency becomes clear, and with it the difficulty of fighting the global scourges listed above.

How does rule-effectiveness varies between tax havens and OECD countries? Here the result is exactly the opposite of what most observers have maintained: with regards to financial transparency, small island offshore centers have standards that are much higher than major OECD economies like the United States and the United Kingdom. The centers with the highest standards are those like Bermuda, the British Virgin Islands, the Bahamas, the Cayman Islands and Panama which uniformly require extensive identity documentation before establishing a corporate entity, let alone a bank account. A second group of centers was less observant, allowing the establishment of anonymous shell companies, but generally requiring identification before opening a bank account. These included Belize, Hong Kong, Canada and Britain. The

third group, represented by Somalia and, worst of all, the United States are prepared to provide both anonymous corporations bank accounts without proper identity documentation. Before 2008 in the United States and pre-2007 in the United Kingdom the situation was even worse, with providers offering companies with corporate accounts without the need for any documentation at all. This pattern of results completely contradicts the rather sanguine picture of rule-effectiveness painted by powerful G7 states and the international organizations they dominate, which are responsible for monitoring these standards. In particular, the conclusion that the most serious weaknesses to the prohibition on financial anonymity lie in these bodies' largest member states, rather than small offshore financial centers, runs diametrically counter to the conventional wisdom on which a great deal of current policy-making is based (see references above).

In developing these points, the structure of the paper is as follows. The first section argues the general merits of direct participation and field experiment methods. Despite relative neglect, such approaches are suited not only for inspiring new hypotheses, but also in testing hypotheses, even at the level of global governance. The next section reviews the literature on international rules to isolate problems of selection bias, endogeneity and formalism which in combination tend to over-state the impact of international rules. Instead of looking at compliance, the conventional focus, it is argued that for both scholarly and policy reasons effectiveness is a more useful reference point. Company ownership may seem like a minor legal quibble, but the fourth section shows how a succession of major policy reports have identified the prohibition of anonymous shell corporations as the lynchpin of efforts to combat financial crimes ranging from

tax evasion, to money laundering, to corruption. The utility of such corporations for illicit activities is illustrated with reference to two major scandals involving international tax evasion and bribery. The article then moves on to describe in detail the procedure for gathering evidence (soliciting and buying anonymous financial arrangements), and presents the findings. Chief amongst these are that international rules proscribing anonymous corporate entities are largely ineffective, though accessing anonymous banking is much harder. Counter-intuitively, and contradicting the conventional wisdom in policy circles, the failure to apply internationally-accepted standards is much more pervasive in G7 centers than tax havens. Finally, the article concludes by drawing out the implications for the study of international rules, regimes and global governance, as well as arguing for the wider application of methods like participation and field experiments in International Relations.

WHY A PARTICIPANT APPROACH?

There are international laws and conventions against torture, corruption, gender and racial discrimination and drugs, yet the existence of these instruments tells us nothing about their practical effectiveness. Common sense suggests that the gap between laws and standards may be very wide. A participation approach, in this case assessing the effectiveness of a rule by trying to break it, gives a particularly acute sense of the magnitude and incidence of this gap. This kind of approach is rare in political science, but is closely related to field experiments (though importantly without randomization). A common objection to field experiments has been that

individual scholars can only test small questions, as opposed to the overarching issues most of interest to the field, especially issues in International Relations (Green and Gerber 2002). A first reply would be that even localized, direct interventions or participation can provide inspiration and insight on very important macro matters, up to and including global governance. Even on an informal basis, participant-observation has provided the stimulus for some of the most innovative and influential recent work on international organizations and global governance. Barnett and Finnemore trace their dissatisfaction with conventional wisdom on international organizations to their time working with the United Nations and the World Bank, respectively (2004: vii). From a very different theoretical orientation, Daniel Drezner relates that the formative incident for his realist account of global regulatory regimes took place during a year spent with the US Treasury (significantly, this incident concerned the imposition of anti-money laundering standards centring on the prohibition of corporate and banking anonymity, 2007: xii).

But if the uses of participant-observation and field experiments have been under-appreciated in generating propositions about international organizations and global governance, the same goes doubly for testing such propositions (Green and Gerber 2002: 808). An example from economics of the utility of a direct approach in testing propositions is represented in “Are Emily and Greg more Employable than Lakisha and Jamal? A Field Experiment in Labor Market Discrimination.” Here the authors sent fictitious resumes in response to job advertisements in Chicago and Boston, randomly assigning black- and white-sounding names to measure the effect of perceived race on employability. Even allowing for perceived class differences, the authors

found that perceived race did make a pronounced difference. With identical resumes, white names received 50 percent more requests for interviews (Betrand and Mullainathan 2004). The conclusion drawn was that racial discrimination is still a major factor in the US job market, with crucial implications for the life-chances of black Americans.

An even more closely analogous method to that employed in this article is that used by Hernando de Soto and his team of researchers looking at the causes of worldwide development failures (1989, 2000). De Soto makes the obvious and yet under-appreciated point central this article that “Reading the laws as they are written gives no clue to how they will work in practice” (2002 [1989] xxii). In seeking to test their notions about the difficulty of entering the formal economy in the Third World his team performs a number of what are referred to as ‘experiments’ or ‘simulations.’ Thus the team applies for a sole trader license to produce textiles in Lima, Peru following all the requirements of the law and bureaucratic procedure. The researchers carefully recorded all the time spent filling out forms, waiting for official permission and dealing with bribe requests, mimicking as closely as possible the approach of a genuine applicant (2002 [1989] 133-34). They found that even this seemingly simple task required 11 separate procedures, taking 289 work days and cost the equivalent of 32 times the minimum monthly wage in lost profits, not counting the bribes that had to be paid. De Soto’s team later repeated equivalent experiments in Egypt, Haiti and the Philippines, with similar results (2000: 20-21). The significance was to support the proposition that it is extremely hard for those stuck in the

underground economy in developing countries (a majority) to enjoy formal property and other legal rights, which in turn greatly raises the barriers to overall national economic development.

The scale, ambition and significance of these studies disproves the notion that participatory and field experiment designs must be limited to small questions and minor concerns. Neither do the geographical restrictions that characterized pioneering work in this vein in political science still obtain (Gosnell 1927). Of course these can be surmounted in a large-budget exercise involving a team of international researchers, as per de Soto (2000). But even when such means are lacking, modern communications can provide an answer. Working alone, the author tested the regulatory regimes of over 20 different countries without the necessity of international travel. The solicitation stage of the exercise required no funds, while the budget for purchasing shell companies and associated bank accounts was relatively modest (c. \$20,000).

INTERNATIONAL RULES: COMPLIANCE OR EFFECTIVENESS?

To the extent that realism has dominated International Relations since the Second World War, there has been a strongly argued case that international covenants and rules are empty formalities with no independent effect on actors' behavior. The field has largely moved on from such a blanket dismissal, and realist-inclined scholars have made some of the most insightful contributions to the study of global governance (e.g., Krasner 1991; Gruber 2000; Drezner 2007). Yet the basic priority of showing that the international rules that should in theory apply do so in practice remains. In general, Simmons notes that "In the face of daunting conceptual and methodological issues, very little evidence has been accumulated to assess basic propositions

about why governments commit to and comply with international legal obligations, and whether this makes any difference to outcomes in which we are interested” (Simmons 2000: 832). But the evidence that has been collected often presents an artificially positive picture of the impact of international rules. Reviews of the compliance literature (Simmons 1998; Raustiala and Slaughter 2002) note that many studies of compliance tend to overstate success (see also Haas et al. 1993: 17-18). First there is a bias because of selection effects: only ‘easy’ issues tend come up for international negotiation in the first place. The second bias is endogeneity: governments only sign up to commitments that they think it will be in their interest to keep. When behavior is compliant with the rules it is very difficult to show that compliance is occurring because of those rules, as opposed to merely reflecting what the actor would have done anyway.

In the current study, what is it exactly that is being tested? To answer this question it is important to have a clear understanding of the related yet distinct concepts of compliance, effectiveness and implementation. The most common definition of compliance in International Relations is that of Oran Young: “Compliance can be said to occur when the actual behavior of a given subject conforms to prescribed behavior, and non-compliance or violation when actual observed behavior departs significantly from prescribed behavior” (1979: 3). On this view, compliance is different from both implementation (domestic rule-making to enact international agreements) and effectiveness (the effect on the underlying policy problem, for example torture, polluting or money laundering). Compliance, whether states’ behavior corresponds with rules, may be necessary for effectiveness, but it is definitely not sufficient (Simmons 1998: 78). Implementation is neither necessary nor sufficient to translate compliance into effectiveness (Joachim, Reinalda and Verbeek 2008).

However things do not stay this clear for long. Raustiala and Slaughter observe that because compliance is above all concerned with how legal rules affect actual behavior, notions of compliance and effectiveness tend to blur. The level of compliance may in fact say nothing about the impact of rules on behavior (2002: 539), i.e. the outcome that is of most interest to scholars, policy-makers and citizens alike (Nye 1993: ix). Studying compliance in isolation thus poses a danger of formalism, falsely depicting a rule-governed world. This is despite our common sense knowledge that rules' "enforcement might totally contradict the letter of each of their provisions" (de Soto 2002 [1989]: 35). Drezner agrees that "governments often make pledges to co-ordinate without actually doing so," or design "sham standards" merely endorsing the status quo. Thus he favors a definition that runs together compliance and effectiveness (2007: 12). Indeed, this basic objection centering on sham rules is fundamental to the critique of international law as a field, as well as to those in International Relations skeptical of the potential efficacy of binding states with rules (Carr 1939; Mearsheimer 1994/95). From outside International Relations, scholars of public policy and public administration instead conceive of these kinds of questions in terms of implementation: "the conversion of policy into action" (Scofield and Sausman 2004). Beginning with Pressman and Wildavsky (1973), this strand of implementation literature has tended to come to much less positive conclusions from International Relations scholars: policies and rules seldom alter the behavior of targeted actors in the way policy makers expect and hope (O'Toole 2004). Public policy work suggests that International Relations needs to adopt tougher tests focusing on how rules affect actions.

In sum, the problems of selection bias and endogeneity, recognized in the literature on compliance, and formalism, which has received less attention, tend to mean that the empirical

test of global rules that do exist often provide only relatively easy, and thus less valuable, tests that tend to confirm the hypothesis that international rules do make a difference. This approach runs directly counter to the basic maxim, common to science and the social sciences, that scholars should seek out tough tests that would tend to disconfirm their hypotheses (Popper 1968; King, Keohane and Verba 1994: 100). The participation approach taken in this paper constitutes just such a tough, direct test of rule effectiveness.

This study follows in the foot steps of Drezner (2007) and Haas, Keohane and Levy (1993) in avoiding the formalistic notion of compliance to instead concentrate on effectiveness. Effectiveness is whether international rules have in practice worked to stop behavior proscribed in such agreements, even if the ultimate resolution of the underlying policy problem remains unknown. Thus for both these works an international rule banning the production of chlorofluorocarbons (CFCs) would be effective if the production of CFCs was made difficult or impossible as a consequence, even if the ozone layer continued to be degraded as a result of other causes. This paper asks whether international rules banning the formation of anonymous companies and their participation in the global banking system have been effective in terms of making it difficult or impossible as a result, even if financial crime continues due to other causes. Because the central conclusion of this paper is the magnitude of rule ineffectiveness and non-compliance, this negative finding obviates the need to establish whether rule-following behavior would have occurred even in the absence of the rules themselves. A further parallel with the two works cited above is the need to look at national policy and non-state actors as the ultimate targets of rules. In connection with the environment, Haas et al. state that “National policy responses, because they directly affect the behavior of actors relevant to the environment,

constitute a necessary condition for improvement in environmental quality” (1993: 8). Similarly, most of the other international rules that comprise the substance of global governance, from trade to human rights, seek to affect the behavior of entities below the level of the state, rather than just the state as a unitary actor (Drezner 2007).

ANONYMOUS SHELL COMPANIES AS A POLICY PRIORITY

Discovering who is really behind corporate vehicles and their bank accounts may sound like a trivial, esoteric accounting matter. In fact, it is the linchpin of some of the most important global governance initiatives. These include the fight against tax evasion, efforts to stem corruption and corporate malfeasance, and the campaign to counter money laundering. This section illustrates the importance of efforts to penetrate the corporate veil in two ways. The first makes reference to a number of reports by major international organizations all converging on the importance of getting behind the corporate veil to combat financial crime. This is to establish that individual countries and international organizations have recognized the matter of anonymous corporate vehicles as a serious policy problem. Because the issue is relatively technical, attention from governments and international institutions is unlikely to be just insincere rhetoric reflecting only a desire for favorable publicity. Crusades centering on slogans like “Ban the bomb!” or “Make poverty history!” may grab headlines and motivate governments to play to the gallery; “Establish the beneficial ownership of corporate vehicles and associated bank accounts!” is unlikely to have the same effect. Secondly, this section briefly looks at some exemplary instances of financial crime: tax evasion by US citizens with reference to the Swiss

bank UBS, and bribery with the alleged activities of arms company BAE Systems. These examples illustrate how anonymous corporate vehicles can be useful for financial criminals.

One of the first reports to put the issue of anonymous corporations at center stage was commissioned by the United Nations in 1998 on the tenth anniversary of the first international convention against money laundering, in this case connected with the illegal drug trade (the Vienna Convention). *Financial Havens, Banking Secrecy and Money Laundering* explains that ‘Despite a myriad of complications, there is a simple structure that underlies almost all international money-laundering activities.... The launderer often calls on one of the many jurisdictions that offer an instant corporation manufacturing business.... Once the corporation is set up in the offshore jurisdiction, a bank deposit is made in the haven country in the name of that offshore company’ (1998: 2). The title of the report notwithstanding, the authors emphasize that secrecy regarding the ownership of a corporation is a much more serious obstacle to countering money laundering than banking secrecy as such (1998: 31). The report estimated that at time of writing there were over a million anonymous corporations in existence. Currently there are more than 2 million offshore shell companies, and more than double this number of onshore shell companies. Subsequent analysis by the Financial Action Task Force on money laundering (FATF) has reiterated this conclusion that shell companies and other vehicles, set up by Corporate Service Providers like those contacted in this study, are fundamental to money laundering (FATF 2006).

In 2000 the European Commission published the study *Euroshore: Protecting the EU Financial System from the Exploitation of Financial Centers and Offshore Facilities by Organized Crime*. Receiving the most emphasis in the report is the centrality of establishing the

beneficial ownership of companies: “company law is the most essential factor in the transparency of a financial system” (2000: 14). Encapsulating the rationale for the design of this study, the report goes on to say:

According to the type of regulation, company regulation produces the greater transparency or greater opacity of the financial system, thereby influencing the other sectors of regulation and determining the effectiveness of police and international judicial co-operation. This is the “domino effect” of company law: if this type of regulation seeks to maximize anonymity in financial transactions, enabling the creation of shell or shelf companies whose owners remain largely unknown... such anonymity will be transferred to other sectors of the law. Thus the names of ultimate beneficial owners or the beneficiaries of financial transactions will remain obscure, which thwarts criminal investigation and prosecution... if company law maximizes anonymity, then the ineffectiveness of criminal law and police and judicial co-operation is inevitable. The same effect arises in banking law, where bank secrecy becomes a marginal issue owing to the anonymity enjoyed by the companies operating the bank accounts under surveillance (2000: 16).

Despite the European Commission’s premise that the problem was offshore, the report finds that on average EU members do worse than offshore centers in the transparency of their company law, and thus need to “clean up their act” before lecturing others (2000: 15).

In 2001 the OECD released the report from which this article takes its title, *Behind the Corporate Veil: Using Corporate Entities for Illicit Purposes*, responding to a request from the

Financial Stability Forum to investigate the problem of anonymous corporations. The report was subsequently endorsed by the G7 finance ministers (2001: 3). Corporate entities where the beneficial ownership is obscured are said to be central to all economic crimes: tax evasion, money laundering, fraud, corruption, insider trading and others. It is said that they may in the aggregate even imperil the stability of the global financial system (2001: 7; see also G20 2008). Offshore centers are said to be particularly at fault through their provision of shell corporations (2001: 24). Evidence is drawn from individual contributions by OECD member states as well as from various parts of the OECD secretariat.

More recently, a 2009 World Bank study authored by Richard Gordon sought to discover how corrupt heads of state and other senior politicians disguise the illicit origins (that is, launder) of the bribes they receive. The study analyzes 21 cases such as Sani Abacha, Alberto Fujimori and Asif Ali Zadari. The two key features identified in the report are anonymous shell companies and wire transfers made from accounts linked with such entities (2009: 15 and 22), confirming the empirical focus of the participation exercise at the heart of this paper. Echoing others, Gordon notes that the most common alibi for these funds is “consultancy fees” (2009: 18). Like the Euroshore report referred to above, Gordon notes that it is just as likely for onshore vehicles and banks to facilitate the laundering of the proceeds of grand corruption as those in small island offshore centers (2009: 16).

The discussion above demonstrates that the issue of anonymous corporations has been widely identified as crucial in combating a range of high-priority international problems: the drug trade, organized crime, money laundering, tax evasion, corruption and systemic financial instability. In each area, however, it is not so much a case of introducing new international

principles and standards as making those already on the books effective. A slew of global standards mandate the imperative for financial institutions to “Know Your Customer,” meaning that beneficial ownership of corporate vehicles must be established (see Table 1 for a sample). There is no question that the formal rules are in place; the great unknown is their effectiveness.

TABLE 1: INTERNATIONAL PROHIBITIONS ON ANONYMOUS COMPANIES

| Body | Instrument | Clause |
|-----------------|--|-------------------------|
| United Nations | Convention Against Corruption | Article 52 |
| OECD | Principles of Corporate Governance | Chapter V A 3 |
| FATF | 40+9 Recommendations | Recommendations 5, 33 |
| Basel Committee | Basel Core Principles | Basel Core Principle 18 |
| IOSCO | Multilateral Memorandum of Understanding | Paragraph 7 b (ii) |

Before turning to the results gained from soliciting and establishing anonymous shell companies, it is germane to look briefly at two applied examples of the utility of anonymous shell corporations. The first relates to large-scale tax evasion carried out by US citizens assisted by UBS, using intermediary shell companies. This involved 19,000 undeclared accounts holding

about \$20 billion, earning UBS \$200 million a year in fees (Senate 2008: 10). Although the UBS scheme did involve some genuinely innovative stratagems (e.g. smuggling diamonds inside tubes of toothpaste, “Ex-UBS Banker Pleads Guilty to Tax Evasion,” *New York Times* 20 June 2008), much more conventional was establishing offshore vehicles for US citizens and transferring their accounts to the new shell entities. UBS and their US clients then collaborated in the fiction that the accounts were held by non-US persons, and thus that assets and income passing through was not liable for US tax (Senate 2008: 88). An example of such a UBS client is Igor Olenicoff, fined \$52 million for tax evasion in 2008. On the advice of UBS, in 2001 Olenicoff opened an account with UBS in Switzerland in the name of Guardian Guarantee Corp, a Bahamian shell company under his control, with Olenicoff and his family as signatories on the account. Both UBS and Olenicoff identified the beneficial owner of the \$89 million in the account as Guardian Guarantee Corp. to evade US taxes on the interest, even though they knew that in reality the owner was Olenicoff himself. Consistent with Olenicoff’s over-riding priority of maintaining anonymity and escaping US tax (Senate 2008: 106), UBS then assisted with a \$40,000 re-structure to add further layers of secrecy: Guardian Guarantee Corp. was re-incorporated in Denmark as New Guardian Bancorp, which was put under the ownership of a Liechtenstein trust, with new accounts opened at UBS Switzerland under New Guardian Bancorp. But the principle of hiding the real owner behind the corporate veil to evade tax remained the same. The same tactic has similarly been identified as a major fiscal concern for the members of the EU and OECD (EU 2008; OECD 2006).

Moving from a tax evasion to a corruption scandal, in December 2006 the UK government cancelled a corruption probe into an \$86 billion dollar arms deal between BAE

Systems and Saudi Arabia. The decision followed threats from the Saudi government that it would suspend all intelligence co-operation with the UK and cancel the deal if the investigation were not quashed. The OECD Anti-Bribery Working Group strongly condemned this decision (OECD 2007), and the US Justice Department began its own investigation into money laundering associated with the affair. As in the UBS case above, details of BAE's allegedly corrupt activity had only come to light from a former employee, followed up by two investigative reporters, David Leigh and Rob Evans. The scheme is described by Leigh and Evans as follows ("BAE's Secret Money Machine," *Guardian*, 9 July 2007). BAE allegedly paid bribes to officials from Saudi Arabia and elsewhere in return for arms contracts using agents, the latter being separated from both BAE and bribe recipients by shell companies. The first intermediary company was Novelmight, until 1999 incorporated in the UK before then being re-incorporated in the British Virgin Islands. A second company, Red Diamond, was set up to channel payments via accounts in New York (Chase Manhattan), London (Lloyds TSB) and Switzerland (the ever-obliging UBS) to agents, and thence to officials from the governments purchasing BAE's wares. These payments were excluded from mention in the public contracts but included in parallel covert contracts for the same deals. Once more, maintaining the corporate veil was key: British police had just obtained crucial documentation elaborating on beneficial ownership of corporate bank accounts when the government cancelled the investigation, citing "a lack of evidence" as well as national security concerns.

Before concluding this section it must be noted that just because the scale of UBS and BAE's operations were huge (BAE's Saudi deal described by the *Financial Times* as "the biggest sale ever of anything to anyone"), does not mean that the same basic principle of obscuring an

owners' identity by interposing an anonymous corporate vehicle can not work on a much smaller scale. Even Olenicoff's relatively complicated structure cost only \$40,000 to establish, while companies like BAE's Red Diamond can be had for less than a tenth of this sum, as the following sections demonstrate.

SOLICITING AND PURCHASING ANONYMOUS SHELL COMPANIES

The first step in the participation exercise was to compose a short approach letter (email) to Corporate Service Providers. This letter was designed to mimic the profile of a representative would-be miscreant, based on recurring elements identified in the reports of the international organizations referred to above. The first is the anonymous corporate vehicle itself; the approach letter asked for the provision of some such vehicle, and emphasized the need for confidentiality and tax minimization (parallel to the UBS clients). The second is the nature of the business activity: international consultancy. Consulting fees are often a useful cover story for illicit cross-border flows (World Bank 2009: 18). Because there is a very large volume of legitimate money being moved around for this purpose, such transactions do not stand out as being unusual. Consulting fees may be very large, providing an alibi for large sums of criminal proceeds. Because consultancy does not involve the exchange of physical goods, and unlike many other services does not require buyer and seller to be in the same location, it is very hard to prove that a consultancy arrangement was *not* in place. Legitimate consultancy arrangements are commonly governed by confidentiality arrangements, again giving an air of plausibility to the need for secrecy. Finally, even fees genuinely earned via international consulting can be linked to the

criminal economy via tax evasion, as money earned outside an individual's home country may be hidden behind the corporate veil in a third jurisdiction to avoid tax obligations at home. The letter involved a permutation of the author's real name. This was done so as to avoid the legal consequences of signing financial documents in a fake name, but also to complicate the efforts of corporate service providers to link the person in the approach letter to the author's earlier related academic publications.

After designing the approach letter, the next step was to identify relevant Corporate Service Providers, those firms whose business it is to establish and provide basic administration for shell companies, trusts, foundations and so on. The aim here was to include service providers from a range of countries that are regarded (or at least regard themselves) as leaders in Know Your Customer standards like the United States and Britain, as well as countries that have commonly been stigmatized as offshore financial centers. Specific providers were identified through advertisements in the *Economist*, through Google searching, and in offshore finance magazines like *Offshore Investment*. There was an effort to sample a range of both on- and offshore centers in terms of the location of the service providers, and the specific corporate entities they offered (there is no necessary reason for providers to offer companies only from their home jurisdiction). Fifty-four service providers were contacted, of which 45 returned valid replies. In the valid replies, service providers recommended one or more corporate structures that could achieve the goals set out in the approach letter, together with a pricing schedule. Responses commonly included a brochure specifying further services, and encouraged further contact, which was wherever possible carried out via email. These replies were tabulated in terms of whether the service provider would supply anonymous vehicles, and then whether this anonymity

could be maintained in establishing an associated bank account (see Table 2 at the end of the paper).

Where the response made provision of the company and/or bank account conditional on notarized copies of a passport together with birth certificate, utility bills and the like to establish identity and residence, this was coded as not anonymous. It would have been impossible to shield true identity short of falsifying these documents (i.e. committing fraud). Where the corporate service provider required only name, address, credit card details etc. to be entered into an online form without any supporting documentation this was coded as anonymous (remembering that credit cards can be issued for corporate vehicles or supplied by a third party). By definition where the third party has no information as to the real owner, they cannot hand over any information to investigating authorities, representing a guarantee of anonymity. In relation to five bank accounts, providers asked only for an electronic scan of an identity document like a driver's licence, but there was no requirement to have it notarized or certified as a true copy. These are individually noted in Table 2. While indicating some concern with establishing beneficial ownership, this does not meet the international standards in Table 1. Rather than stopping with offers of anonymous entities and bank accounts, it was necessary to go through and make the purchase from the service providers offering financial anonymity. Several providers that had earlier advertised anonymous products had clauses in the fine print required provision of identification documents.

FINDINGS

Table 2 presents the aggregate results of approaches to different service providers. Of the 54 Corporate Service Providers approached, 45 indicated a willingness to provide a shell corporation, the first step. Of these, 28 required identification before establishing companies (a notarized copy of a passport, usually complemented by utility bills as proof of residential address, as well as sometimes bank or professional references), while 17 were content to form the company without any independent confirmation of identity, requiring only a credit card and a shipping address for documents. Although the cost varied, in all cases establishing an anonymous shell corporation is cheap proposition, ranging from \$800 to \$3000 as an up-front cost followed by a slightly smaller amount on an annual basis. The cost variation is generally explained by the optional extras, in particular the extra layers of secrecy, but also various corporate accessories and accoutrements (mail- and phone-forwarding, brass plate, rubber stamp, letter head, embossed seal, etc.). Relative to the corporations requiring identification checks, the anonymous vehicles were slightly cheaper, depending on the accessories purchased. In six cases, service providers recommended holding the ownership of the shell company in an overarching common law trust or civil law foundation. This would present investigating authorities with one more obstacle in seeking to find the beneficial owner: tracking the bank account to the company, the company to the trust or foundation, and then control of the trust or foundation to the author via the service provider, with each link in a different jurisdiction, as in the Olenicoff example above. No doubt following the money trail in such cases would be difficult, time-consuming and expensive, especially for governments with limited resources and a shortage of qualified legal expertise.

Yet no matter how complex, where the service provider has proof of the individual's identity, the veil of secrecy is vulnerable to being pierced. First because the hosting jurisdictions

are vulnerable to pressure from outsiders to hand over client identity documentation. For example, after repeated public assurances that the Cayman Islands would not join the EU's tax information exchange program, Britain successfully obtained a reversal by threatening to suspend the Caymans' self-government and pass the legislation from London (Sharman 2008). Second, service providers themselves are vulnerable to the same sort of outside pressure. Here the case in point is UBS, which only a few years after sending its US clients a soothing email guaranteeing them that it would never pass their details to the IRS, passed over the details of 19,000 clients to the IRS in order to avoid criminal prosecution (Senate 2008). Service providers can become careless: after leaving sensitive documents behind in a hotel room, a traveling Swiss-based representative of a Jersey firm had his laptop seized by police in Australia, containing all the details of hundreds of tax-shy clients ("Jet Lag Snares a Tax Haven Tout," *Sydney Morning Herald*, 2 August 2005). Finally, rogue employees of the service provider like Heinrich Kieber of Liechtenstein's LGT bank may leak sensitive material (in Kieber's case relating to 4,500 accounts in return for Euro 4.2 million from the German intelligence service). Clearly, however, if the service provider has no information to disclose, these threats to the integrity of the corporate veil are all obviated. From a more legalistic point of view, the standards in Table 1 specify that it must be possible to establish the beneficial ownership of any given entity, and thus even with chains of corporate vehicles the letter of the law is observed, even if in practise enforcing it may be difficult.

The results in Table 2 show that forming an anonymous shell company is an easy proposition, requiring little money and even less time searching on the internet. Following from this, the rules directly prohibiting such arrangements from a variety of powerful international

organizations and states (see Table 1), are ineffective. An analysis that assumed that the mere presence of formal international rules prohibiting anonymous shell vehicles indicated that such vehicles were impossible, or even difficult, to obtain, would be wrong. Despite the near-universal coverage in terms of the countries that have committed to these rules, a significant number have merely adopted sham standards. As explained above, this finding is consequential because of the number of global initiatives against various financial crimes that have made financial transparency a central aim. It is difficult to see that this finding could have been obtained via a less direct approach. Even looking through the national legislation implementing the international standards is ambiguous, typically stating that “reasonable care” should be taken to establish beneficial ownership (see FATF Recommendation 5 [b]).

Perhaps even more striking than the ease with which this rule can be violated, is the pattern of jurisdictions that routinely violate this rule. Here the results are the reverse of what might be expected: service providers in major OECD economies are much more likely to offer anonymous shell companies than those in classic tax haven jurisdictions. Thus attempts to incorporate anonymously with providers in the Bahamas, Bermuda, the British Virgin Islands, the Cayman Islands, Dominica, Nauru, Panama and the Seychelles all met with failure, in that these agents refused to proceed without proof of identity. In nearly all cases these agents explicitly noted that anti-money laundering regulations necessitated their keeping this information on file. This applied even when providers indicated they promised total confidentiality. Thus from one email response “An IBC [International Business Company, i.e. shell company] would suit you fine. There you would get total confidentiality and a tax holiday for the first twenty years of its operation. No one would know you owned the IBC. Your name

would appear nowhere else but with us your agent and we cannot by law disclose the information to anyone.” Even the Liechtenstein-based agent of the Somali International Financial Center required notarized passport copies (though they were much less fastidious about bank accounts, see below). One provider in Belize offered to incorporate a Belize shell company without identity documents, as did another in Uruguay for Seychelles companies, and two from Hong Kong regarding Delaware and other tax haven-domiciled companies. Yet of the 17 providers in OECD countries approached, no less than 13 agreed to form shell companies without requiring identification documents. These comprised seven in the UK, four in the United States, one in Spain, and one in Canada (the sole Swiss and Czech providers responding were more scrupulous). Of these 13 providers, only one limited its stock to offshore shell companies (from Belize), three of the US providers offered only American companies, while the remaining US, the Canadian and all the British providers sold a mix of onshore and offshore vehicles, in some cases from more than 30 jurisdictions. In every case, whether or not identity documentation was required was a function of the location of the provider, not the domicile of the legal entity created (i.e. a British Virgin Islands company created from Britain would be anonymous, whereas one established from the Bahamas would not be). In combination, these findings suggest that the problem of financial opacity is one for which the G7 countries, particularly the United States and Britain, are responsible, not palm-fringed tropical islands. While not an unprecedented finding (see Euroshore 1998; IMF 2005: 3; and to a lesser extent World Bank 2009), this does diametrically contradict the initial premises of important global regulatory campaigns. Although nearly all offshore centers regulate Corporate Service Providers, Britain and the United States have chosen to leave them unregulated. The consequences are clear.

An example of one shell company set up for this paper, André Pascal Enterprises, may prove illustrative. The company is an England and Wales Private Company Limited by Shares (with bearer shares) set up by a UK provider. Upon payment and submission of the order, the provider electronically lodged the application with UK Companies House. The provider became the initial shareholder of the company and subscriber to the Memorandum and Articles of Association for the purposes of the government records. Upon receipt of signed documents from the author (once again, without the need supporting identification), the provider issued bearer share warrants to the author, erasing the provider's name from the share registry without substituting any other. André Pascal Enterprises has a nominee director and nominee secretary (once more courtesy of the provider), again providing separation from the beneficial owner (the author). The incorporation process took less than a day, filling out the on-line forms took 45 minutes and the total cost was GBP 515.95. The new legal person is the kind of classic anonymous shell corporation so important for perpetrating a wide range of financial crimes, and which is almost impossible to obtain from offshore providers. The bonus is that as a corporate citizen of the UK, André Pascal avoids the taint associated with offshore companies while securing much tighter secrecy, an advantageous combination remarked upon by a number of other providers. Significantly, until 2006 the same UK provider offered corporate accounts at a Latvian bank without the need for any supporting identity documentation.

Given that an anonymous shell corporation is generally a prerequisite for entering the international banking systems while keeping one's identity secret, the 17 providers offering anonymous corporations became the target sub-set. In seeking to purchase a bank account associated with an anonymous company the author soon ran into requirements for proper identity

documentation from all but five providers. Thus the general effectiveness of the prohibition on anonymous accounts is substantially higher relative to that regarding anonymous shell companies. But the pattern of ineffective rules for providers in G7 states compared with those in tax haven largely remains. At first glance this high level of overall effectiveness (40 from 45) may seem to rehabilitate global standards on financial transparency; if a shell company is redundant without access to a banking system, and if anonymous companies are barred from the banking system, then the failure to prohibit corporate secrecy is much less serious, particularly for delinquent countries like the US and UK. The difficulty of obtaining anonymous corporate accounts does mark an important change from the situation a decade ago (UN 1998). But even without direct access to the banking system, anonymous vehicles can be useful in financial crime. One of the most common forms of international tax evasion is holding share portfolios in the name of a foreign shell company so as to avoid capital gains tax that would be due at home. More importantly, in a chain of corporate entities even one anonymous vehicle (e.g., a company acting as a director of another company or as a trustee) can disrupt the effort to establish the true owner at the end of the chain, rendering the whole structure opaque. Companies can be re-domiciled or transferred to re-establish anonymity broken in the process of setting up an account. Finally, however, the fact that it is difficult to retain corporate anonymity while opening a bank account is not to say it is impossible.

Only a small number providers responding to author were deficient in requesting proper identification documentation. The first, and most flagrantly in breach of international standards was a US provider offering a Wyoming Limited Liability Corporation with a US bank account. The provider offered to use their employees' own Social Security Numbers in applying for an

Employer Identification Number (EIN), the tax identification number for the corporate vehicle. As the provider breezily informed the author in an email: “You can open a bank account in any state in the nation. It does not have to be in Wyoming. You will need an EIN number for the LLC, which we may be able to get for you, if you elect the nominee tax ID service. There are no supporting documents required at this time, outside of your contact information.”

Disappointingly for would-be criminals, in the months between this receiving this email and going ahead with an attempt to buy this structure, the laws in Wyoming changed to prevent this particular service being offered. Yet of all the countries appearing in Table 2 the United States remains in dead last place in terms of corporate and banking due diligence, behind even Somalia. A revealing comparison chart from a service provider specifies the documentation necessary to open a bank account in various countries, along with an overall difficulty rating (http://www.offshoreinc.net/new_bankcomparison.shtml). This ranges from ‘very high’ (Seychelles, Jersey), to ‘high’ (Hong Kong, Singapore), to ‘medium’ (Cyprus, Dominica); the United States is the only country ranked as ‘low,’ allowing accounts to be opened with an unnotarized copy of a driver’s license. Again, a separate US provider confirmed in 2009 that the author could open a corporate account for a Nevada LLC with only a scan of a driver’s licence.

The third and fourth opportunities were from two UK providers. The first comprised an anonymous Seychelles corporation with accompanying Montenegrin bank account (purchased by the author for \$2255 plus €350). The second offered a range of US and tax haven corporations with a bank account in St Vincent and the Grenadines. Both required a scanned copy of a passport, but the providers explicitly noted that unlike other banks, the copy did not have to be notarized. The final case, the Liechtenstein-Somali joint venture, is unusual in having stricter

requirements establishing a company compared with opening an account. While setting up a Somali shell company explicitly requires a notarized passport copy, both the provider's website and email communications repeatedly note that, although they require a scanned copy of some piece of photo identification, there is definitely no need to get this notarized or certified as a true copy in opening a bank corporate account. The repeated emphasis on this last point suggests that, like the previous examples, the providers are broadly hinting at the possibility of a de facto anonymous account. In this case anonymity is achieved by matching an existing anonymous corporation from any one of the 17 providers that offer such facilities, with the Somalian bank account, as brokered by the service provider in Liechtenstein.

CONCLUSION

The article closes with two brief points of extension from the material presented above, the first relating to the significance of the substantive findings, the second concerning method. As noted above, commentators in International Relations looking at the effect of international rules have been distributed between two poles. At one end of the spectrum, some realists have argued that the independent effect of rules on states' behavior is negligible (Carr 1939; Mearsheimer 1994/95). Towards the other extreme are those studying international law, regimes and global governance, who tend to argue that most international rules are effective most of the time (e.g. Chayes and Chayes 1995). The evidence for a pattern of partial effectiveness (low for the formation of anonymous companies, much higher for anonymous banking), but even so the more variation in national compliance (low by G7 countries, much higher amongst tax havens),

argues for a more complex verdict. The relative effectiveness of international rules barring anonymous corporate banking mark a change from the situation outlined by the UN in 1998. But in relation to anonymous shell companies, unlike the Cayman Islands and Panama, the United States, United Kingdom and other OECD states have simply chosen not to comply with international standards they had a large hand in creating. Nor is uneven progress in making these rules effective a result of a race to the bottom driven by regulatory arbitrage, or a prisoner's dilemma, whereby all states share the same preference, but rational anticipation of others' defection causes actors to refrain from co-operation. The "do as I say, not as I do" position of the G7 states towards smaller states is a reasonable fit with a classic realist position concerning the power- rather than rule-governed nature of the international system, although it also can be accommodated within other traditions (e.g., critical theory accounts). But unlike recent realist accounts of international standard-setting and effectiveness, it is not a case of core states or a hegemon adopting rules and then inducing others to follow their example (Krasner 1991; Gruber 2000; Drezner 2007). Instead, the hegemon and core states induce other states to follow rules that the former are *not* following themselves, perhaps analogous to the nuclear non-proliferation regime. A possible implication may be that realist-influenced authors have actually understated the influence of power in the selective application and impact of international rules.

Concerning the field more generally, the conventional story of progress in political science emphasizes the move away from studying formal rules towards behavior, as well as the employment of increasingly scientific methods. Given this orientation and scale of values, direct approaches like field experiments and participation are curiously scarce. Such methods can potentially shed light on a class of questions of great interest to scholars, policy-makers and

citizens: do rules work, i.e., are they effective? Their lack of employment in political science to compliment existing techniques seems to indicate much more a failure of imagination in the field than any inherent shortcomings. No doubt there are many areas of interest where participant and field experiment approaches are impractical, unethical and/or illegal. Attempting to solicit child pornography or an anti-aircraft missile via the internet in the way that this article has solicited anonymous shell companies would be worse than reckless. Yet speaking only of International Relations, the extent to which issues like legalization, global governance and international regimes have become major controversies in the field argues for the potential of similar approaches. Soft law standards are amenable to testing by breaking. Civil society groups, epistemic communities, private firms, international organization and states are relatively porous to scholars looking to learn by participating in their activities. The opportunities to advance scholarly and policy knowledge through direct approaches are there; more political scientists should seize them.

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TABLE 2: Results

| Service Provider | Shell Company | ID Required? | Bank | ID Required? |
|------------------------------|--|--------------|------|--------------|
| Bahamas | Anguilla | Yes | | |
| Bahamas | Bahamas | Yes | | |
| Bahamas | Bahamas | Yes | | |
| Belize | Belize | Yes | | |
| Bermuda | Bermuda | Yes | | |
| British Virgin Islands (BVI) | BVI | Yes | | |
| Cayman Islands | Cayman Islands | Yes | | |
| Cayman Islands | Cayman Islands | Yes | | |
| Cyprus | BVI, Panama, St Vincent | Yes | | |
| Czech Republic | BVI, Seychelles | Yes | | |
| Dominica | Dominica | Yes | | |
| Gibraltar | Turks & Caicos | Yes | | |
| Gibraltar | BVI, Delaware, Gibraltar, Panama, Wyoming, etc. | Yes | | |
| Hong Kong | BVI | Yes | | |
| Hong Kong | BVI, Hong Kong, Seychelles, etc. | Yes | | |
| Hong Kong | BVI | Yes | | |
| Labuan (Malaysia) | Labuan | Yes | | |
| Liechtenstein | Liechtenstein | Yes | | |
| Nauru | Nauru | Yes | | |
| Panama | Panama | Yes | | |
| Panama | Panama | Yes | | |
| Panama | Belize, Nevis, Panama, Seychelles, Vanuatu, etc. | Yes | | |
| Sao Tome | Sao Tome | Yes | | |
| Seychelles | BVI, Seychelles | Yes | | |

| | | | | |
|---------------|---|-----|-------------------|----------------------------------|
| Singapore | Bahamas, BVI, Delaware | Yes | | |
| Singapore | Singapore | Yes | | |
| Switzerland | BVI, Delaware, Panama | Yes | | |
| | | | | |
| Belize | Belize | No | Belize | Yes |
| Canada | BVI, Ontario, Panama, Wyoming, etc. | No | Latvia, Panama | Yes |
| Hong Kong | Delaware | No | Hong Kong | Yes |
| Hong Kong | BVI, Hong Kong, Seychelles | No | Hong Kong | Yes |
| Spain | Belize | No | Belize | Yes |
| UK | Belize, BVI, England, Nevada, Panama, etc. | No | Isle of Man | Yes |
| UK | Belize | No | Hong Kong | Yes |
| UK | Cyprus | No | Cyprus | Yes |
| UK | Belize, BVI, Delaware, England, etc. | No | Hong Kong | Yes |
| UK | England (A. Pascal) | No | Latvia | No (pre-2007), Yes |
| Uruguay | Seychelles | No | Hong Kong, Panama | Yes |
| US | Wyoming | No | US | Yes |
| US | Nevis | No | Belize | Yes |
| | | | | |
| Liechtenstein | Somalia | Yes | Somalia | Yes (unnotarized) |
| UK | Belize, BVI, Delaware, Nevada, Panama, etc. | No | St Vincent | Yes (unnotarized) |
| UK | Seychelles | No | Montenegro | Yes (unnotarized) |
| US | Nevada | No | US | Yes (unnotarized) |
| US | Wyoming | No | US | No (pre-2008), Yes (unnotarized) |

**Guernsey-Allen Huffman Meeting
Thank You Letters
Meeting Date: May 7, 2009**

Letter to:

Allen Huffman, Esq.
Tax Counsel
Senator Byron L. Dorgan
322 Hart Senate Office Building
Washington, DC 20510
allen_huffman@dorgan.senate.gov

Dear Mr. Huffman:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us regarding Senator Dorgan's legislation that would "blacklist" Jersey as a "tax haven."

As we discussed, and as I believe you agreed, Guernsey is not a tax haven. That status comports with the Organisation for Economic Co-operation and Development ("OECD") report issued on April 2, 2009 that lists Jersey alongside the United States as being compliant with its internationally agreed tax standard. A copy of this OECD list is attached. This tax standard requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes.

If Senator Dorgan does reintroduce tax haven legislation in this Congress, we suggest that such legislation should list as “tax havens” only those jurisdictions that the OECD has determined have not implemented the internationally agreed tax standard.

If you have any further questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. We will continue to keep you informed of Guernsey’s efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

Lyndon Trott

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-------------|--------------------|----------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | 2002 | (4) | Nauru | 2003 | (0) |
| Bahamas | 2002 | (1) | Netherlands | 2000 | (7) |
| Bahrain | 2001 | (6) | Antilles | | |
| Belize | 2002 | (0) | Niue | 2002 | (0) |
| Bermuda | 2000 | (3) | Panama | 2002 | (0) |
| British Virgin Islands | 2002 | (3) | St Kitts and Nevis | 2002 | (0) |
| Cayman Islands ⁴ | 2000 | (8) | St Lucia | 2002 | (0) |
| Cook Islands | 2002 | (0) | St Vincent & Grenadines | 2002 | (0) |
| Dominica | 2002 | (1) | Samoa | 2002 | (0) |
| Gibraltar | 2002 | (1) | San Marino | 2000 | (0) |
| Grenada | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Liberia | 2007 | (0) | Vanuatu | 2003 | (0) |
| Liechtenstein | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

¹ The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

² Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

³ These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

⁴ The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 11 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

⁵ Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

**Guernsey Meeting With Jeffrey Ziarko
Thank You Letter
Meeting Date: May 6, 2009**

Letter to:

Jeffrey Ziarko, Esq.
Representative Sander M. Levin
Tax Legislative Counsel
1236 Longworth Building
Washington, D.C. 20515
(202) 225-4961
Jeffrey.ziarko@mail.house.gov

Dear Mr. Ziarko:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us regarding the “Stop Tax Haven Abuse Act,” which would “blacklist” Guernsey as an “offshore secrecy jurisdiction.”

As we discussed, the list used in Representative Doggett’s “Stop Tax Haven Abuse Act” is dated. As an alternative to using any list, I hope that Representative Levin will consider using objective criteria to identify transactions, jurisdictions or institutions that would aid in deterring offshore tax evasion.

If, however, a list must be used, I would like to suggest that Representative Levin support revising the initial list in the “Stop Tax Haven Abuse Act” so that it reflects only those jurisdictions that the Organisation for Economic Co-operation and Development (“OECD”) has determined have not implemented the internationally agreed tax standard, which requires the

exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. A copy of this OECD list, which was issued on April 2, 2009, is attached.

If you have any further questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. We will keep you informed of Guernsey's efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

Lyndon Trott

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-------------|--------------------|----------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | 2002 | (4) | Nauru | 2003 | (0) |
| Bahamas | 2002 | (1) | Netherlands | 2000 | (7) |
| Bahrain | 2001 | (6) | Antilles | | |
| Belize | 2002 | (0) | Niue | 2002 | (0) |
| Bermuda | 2000 | (3) | Panama | 2002 | (0) |
| British Virgin Islands | 2002 | (3) | St Kitts and Nevis | 2002 | (0) |
| Cayman Islands ⁴ | 2000 | (8) | St Lucia | 2002 | (0) |
| Cook Islands | 2002 | (0) | St Vincent & Grenadines | 2002 | (0) |
| Dominica | 2002 | (1) | Samoa | 2002 | (0) |
| Gibraltar | 2002 | (1) | San Marino | 2000 | (0) |
| Grenada | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Liberia | 2007 | (0) | Vanuatu | 2003 | (0) |
| Liechtenstein | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

¹ The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004, and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

² Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

³ These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

⁴ The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 11 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

⁵ Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

**Guernsey Letter to Representative Sander Levin
Staff Meeting Date: May 6, 2009**

Letter to:

The Honorable Sander M. Levin
Member of Congress
1236 Longworth Building
Washington, D.C. 20515

Note: Please send a copy of this letter to Jeffrey Ziarko

Dear Congressman Levin:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to let you know that we had a very informative meeting with your Tax Counsel, Jeffrey Ziarko, regarding the "Stop Tax Haven Abuse Act," which would "blacklist" Guernsey as an "offshore secrecy jurisdiction." I am sorry we could not meet in person, but Mr. Ziarko did pass along your personal regrets from the House floor and ably represented you in our meeting.

As we suggested to Mr. Ziarko, I would like to respectfully recommend that you consider supporting a revision to the initial list in the "Stop Tax Haven Abuse Act" so that it reflects those jurisdictions that the Organisation for Economic Co-operation and Development ("OECD") has determined have not implemented the internationally agreed tax standard, which requires the exchange of information on request in all tax matters for the administration and enforcement of

domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. A copy of this OECD list, which was issued on April 2, 2009, is attached.

If you have any questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. We will keep Mr. Ziarko informed of Guernsey's efforts to promote transparency and international cooperation on tax matters.

Thank you for considering our views on this issue.

Sincerely,

Lyndon Trott

cc: Jeffrey Ziarko

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-------------|--------------------|----------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens³ | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | 2002 | (4) | Nauru | 2003 | (0) |
| Bahamas | 2002 | (1) | Netherlands | 2000 | (7) |
| Bahrain | 2001 | (6) | Antilles | | |
| Belize | 2002 | (0) | Niue | 2002 | (0) |
| Bermuda | 2000 | (3) | Panama | 2002 | (0) |
| British Virgin Islands | 2002 | (3) | St Kitts and Nevis | 2002 | (0) |
| Cayman Islands ⁴ | 2000 | (8) | St Lucia | 2002 | (0) |
| Cook Islands | 2002 | (0) | St Vincent & Grenadines | 2002 | (0) |
| Dominica | 2002 | (1) | Samoa | 2002 | (0) |
| Gibraltar | 2002 | (1) | San Marino | 2000 | (0) |
| Grenada | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Liberia | 2007 | (0) | Vanuatu | 2003 | (0) |
| Liechtenstein | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

- The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.
- Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.
- These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.
- The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 11 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.
- Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

**Guernsey Meeting With Ryan McCormick
Thank You Letter
Meeting Date: May 5, 2009**

Letter to:

Ryan McCormick, Esq.
Tax Counsel
Senator Bill Nelson
720 Hart Senate Building
Washington, DC 20510
ryan_mccormick@billnelson.senate.gov

2009 NOV - 4 AM 8:48
NSD/CES/REGISTRATION
UNIT

Dear Mr. McCormick:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us regarding the “Stop Tax Haven Abuse Act,” which would “blacklist” Guernsey as an “offshore secrecy jurisdiction.”

As we discussed, the list used in Senator Levin’s “Stop Tax Haven Abuse Act” is dated. If, however, a list must be used, I would like to suggest that Senator Nelson support revising the initial list in the legislation so that it reflects only those jurisdictions that the Organisation for Economic Co-operation and Development (“OECD”) has determined have not implemented the internationally agreed tax standard, which requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. A copy of this OECD list, which was issued on April 2, 2009, is attached.

If you have any further questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. As always, we will continue to keep you informed of Guernsey's efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

Lyndon Trott

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-------------|--------------------|----------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens³ | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | 2002 | (4) | Nauru | 2003 | (0) |
| Bahamas | 2002 | (1) | Netherlands | 2000 | (7) |
| Bahrain | 2001 | (6) | Antilles | | |
| Belize | 2002 | (0) | Niue | 2002 | (0) |
| Bermuda | 2000 | (3) | Panama | 2002 | (0) |
| British Virgin Islands | 2002 | (3) | St Kitts and Nevis | 2002 | (0) |
| Cayman Islands ⁴ | 2000 | (8) | St Lucia | 2002 | (0) |
| Cook Islands | 2002 | (0) | St Vincent & Grenadines | 2002 | (0) |
| Dominica | 2002 | (1) | Samoa | 2002 | (0) |
| Gibraltar | 2002 | (1) | San Marino | 2000 | (0) |
| Grenada | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Liberia | 2007 | (0) | Vanuatu | 2003 | (0) |
| Liechtenstein | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

¹ The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

² Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

³ These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

⁴ The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 11 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

⁵ Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

**Guernsey-Nicholas Wyatt Meeting
Thank You Letter
Meeting Date: May 5, 2009**

Letter to:

Nicholas A. Wyatt
Tax Adviser
Senate Finance Committee
219 Dirksen Building
Washington, DC 20515
Phone: (202) 224-4515
Nick_Wyatt@finance-rep.senate.gov

Dear _____:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us regarding legislation that would “blacklist” Guernsey as an “offshore secrecy jurisdiction.”

I am pleased to hear that Ranking Member Grassley and Chairman Baucus agree that a blacklist is not the right approach in developing legislation to address offshore tax evasion. Nonetheless, if your discussions with Senator Levin lead to a conclusion that an initial list must be provided in the legislation, we suggest that the initial list reflect those jurisdictions that the Organisation for Economic Co-operation and Development (“OECD”) has determined have not implemented the internationally agreed tax standard, which requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a

domestic tax interest requirement or bank secrecy for tax purposes. A copy of this OECD list, which was issued on April 2, 2009, is attached.

If you have any further questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. As always, we will continue to keep you informed of Guernsey's efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

Lyndon Trott

**Guernsey-Joshua Odintz Meeting
Thank You Letter
Meeting Date: May 5, 2009**

Letter to:

Joshua D. Odintz, Esq.
Tax Counsel
Senate Finance Committee
219 Dirksen Building
Washington, DC 20515
Phone: (202) 224-4515
Joshua_Odintz@finance-dem.senate.gov

Dear Mr. Odintz:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us regarding legislation that would “blacklist” Guernsey as an “offshore secrecy jurisdiction.”

I am pleased to hear that Chairman Baucus and Ranking Member Grassley agree that a blacklist is not the right approach for developing legislation addressing offshore tax evasion.

Nonetheless, if your discussions with Senator Levin lead to a conclusion that an initial list must be provided in the legislation, we suggest that the initial list reflect those jurisdictions that the Organisation for Economic Co-operation and Development (“OECD”) has determined have not implemented the internationally agreed tax standard, which requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without

regard to a domestic tax interest requirement or bank secrecy for tax purposes. A copy of this OECD list, which was issued on April 2, 2009, is attached.

If you have any further questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. As always, we will continue to keep you informed of Guernsey's efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

Lyndon Trott

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-------------|--------------------|----------------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States ³ |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens³ | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | 2002 | (4) | Nauru | 2003 | (0) |
| Bahamas | 2002 | (1) | Netherlands | 2000 | (7) |
| Bahrain | 2001 | (6) | Antilles | | |
| Belize | 2002 | (0) | Niue | 2002 | (0) |
| Bermuda | 2000 | (3) | Panama | 2002 | (0) |
| British Virgin Islands | 2002 | (3) | St Kitts and Nevis | 2002 | (0) |
| Cayman Islands ⁴ | 2000 | (8) | St Lucia | 2002 | (0) |
| Cook Islands | 2002 | (0) | St Vincent & Grenadines | 2002 | (0) |
| Dominica | 2002 | (1) | Samoa | 2002 | (0) |
| Gibraltar | 2002 | (1) | San Marino | 2000 | (0) |
| Grenada | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Liberia | 2007 | (0) | Vanuatu | 2003 | (0) |
| Liechtenstein | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

¹ The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

² Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

³ These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

⁴ The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 11 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

⁵ Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

**Guernsey-Multistate Tax Commission Meeting
Thank You Letters
Meeting Date: May 5, 2009**

Letters to:

Joe Huddleston, Esq.
Executive Director
Multistate Tax Commission
444 North Capitol Street, NW, Suite 425
Washington DC 20001
jhuddleston@mtc.gov

Gregory S. Matson, Esq.
Deputy Director
Multistate Tax Commission
444 North Capitol Street, NW, Suite 425
Washington DC 20001
gmatson@mtc.gov

Mr. Elliot J. Dubin
Director, Policy Research
Multistate Tax Commission
444 North Capitol Street, NW, Suite 425
Washington DC 20001
edubin@mtc.gov

Dear _____:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us regarding the Multistate Tax Commission's Model Statute for Combined Reporting (the "Model Statute").

I was very pleased to learn that the MTC Executive Committee adopted your recommendation to review the definition of a tax haven in the Model Statute in light of recent Organisation for Economic Co-operation and Development (“OECD”) developments. We are, of course, proud of our inclusion in the OECD “white list,” alongside the United States, in the April 2, 2009 OECD report. Please convey my sincere appreciation to the MTC Executive Committee for addressing this issue in a timely manner.

If you need any additional information about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. We will continue to keep you informed of Guernsey’s efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

Lyndon Trott

Guernsey-Treasury Department Meeting
Thank You Letter
Meeting Date: May 6, 2009

Letter to:

John Harrington, Esq.
International Tax Counsel
Department of the Treasury
Room 3054
1500 Pennsylvania Avenue
Washington, DC 20220
john.harrington@do.treas.gov

Dear Mr. Harrington:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us regarding legislation that would “blacklist” Guernsey as an “offshore secrecy jurisdiction.”

I am pleased to learn that the Administration’s proposals to address offshore tax evasion do not employ a blacklist and agree with your observation that any blacklist should definitely not include a jurisdiction, such as Guernsey, that has signed a Tax Information Exchange Agreement with the United States. If, however, Congress decides to use a blacklist in legislation to address offshore tax evasion, I would like to suggest that such a list should reflect only those jurisdictions that the Organisation for Economic Co-operation and Development (“OECD”) has determined have not implemented the internationally agreed tax standard, which requires the exchange of information on request in all tax matters for the administration and enforcement of

domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. A copy of this OECD list, which was issued on April 2, 2009, is attached.

If you have any further questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. As always, we will continue to keep you informed of Guernsey's efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

Lyndon Trott

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-------------|--------------------|----------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens³ | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | 2002 | (4) | Nauru | 2003 | (0) |
| Bahamas | 2002 | (1) | Netherlands | 2000 | (7) |
| Bahrain | 2001 | (6) | Antilles | | |
| Belize | 2002 | (0) | Niue | 2002 | (0) |
| Bermuda | 2000 | (3) | Panama | 2002 | (0) |
| British Virgin Islands | 2002 | (3) | St Kitts and Nevis | 2002 | (0) |
| Cayman Islands ⁴ | 2000 | (8) | St Lucia | 2002 | (0) |
| Cook Islands | 2002 | (0) | St Vincent & Grenadines | 2002 | (0) |
| Dominica | 2002 | (1) | Samoa | 2002 | (0) |
| Gibraltar | 2002 | (1) | San Marino | 2000 | (0) |
| Grenada | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Liberia | 2007 | (0) | Vanuatu | 2003 | (0) |
| Liechtenstein | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

¹ The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

² Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

³ These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

⁴ The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 11 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

⁵ Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

**Guernsey Meeting With Aharon Friedman
Thank You Letter
Meeting Date: May 5, 2009**

Letter to:

Aharon J. Friedman, Esq.
Tax Counsel
Ways and Means Committee
1139E Longworth Building
Washington D.C. 20515
Phone: (202) 225-3074
Aharon.friedman@mail.house.gov

Dear Mr. Friedman:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us regarding legislation that would “blacklist” Guernsey as an “offshore secrecy jurisdiction.”

I am pleased to hear that Ranking Member Camp and his Republican colleagues on the Ways and Means Committee have not endorsed the “Stop Tax Haven Abuse Act” or the blacklist approach in the bill. As discussions on legislation to address offshore tax evasion progress, I would like to again suggest that, if the Ways and Means Committee does decide that a list of “tax havens” or “offshore secrecy jurisdictions” must be included in such legislation, such a list should reflect those jurisdictions that the Organisation for Economic Co-operation and Development (“OECD”) has determined have not implemented the internationally agreed tax standard, which requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest

requirement or bank secrecy for tax purposes. A copy of this OECD list, which was issued on April 2, 2009, is attached.

If you have any further questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. As always, we will continue to keep you informed of Guernsey's efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-------------|--------------------|----------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens³ | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | | | Nauru | 2003 | (0) |
| Bahamas | 2002 | (4) | Netherlands | 2000 | (7) |
| Bahrain | 2002 | (1) | Antilles | | |
| Belize | 2001 | (6) | Niue | 2002 | (0) |
| Bermuda | 2002 | (0) | Panama | 2002 | (0) |
| British Virgin Islands | 2000 | (3) | St Kitts and Nevis | 2002 | (0) |
| Cayman Islands ⁴ | 2002 | (3) | St Lucia | 2002 | (0) |
| Cook Islands | 2000 | (8) | St Vincent & Grenadines | 2002 | (0) |
| Dominica | 2002 | (0) | Samoa | 2002 | (0) |
| Gibraltar | 2002 | (1) | San Marino | 2000 | (0) |
| Grenada | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Liberia | 2002 | (1) | Vanuatu | 2003 | (0) |
| Liechtenstein | 2007 | (0) | | | |
| | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

¹ The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

² Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

³ These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

⁴ The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 11 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

⁵ Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

**Guernsey Meeting With Melissa Mueller
Thank You Letter
Meeting Date: May 6, 2009**

Letter to:

Melissa Mueller, Esq.
Tax Counsel
Rep. Richard E. Neal
Chairman
House Subcommittee on Select Revenue Measures
2208 Rayburn Building
Washington, DC 20515
Phone: (202) 225-5601
melissa.mueller@mail.house.gov

Dear Ms. Mueller:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us regarding legislation that would “blacklist” Guernsey as an “offshore secrecy jurisdiction.”

As Chairman Neal considers legislation to address offshore tax evasion, there are inherent problems with the blacklist in the “Stop Tax Haven Abuse Act,” which, as you noted, were raised by IRS Commissioner Doug Shulman. Nonetheless, if legislation must include such a list, I would like to suggest that it reflect only those jurisdictions that the Organisation for Economic Co-operation and Development (“OECD”) has determined have not implemented the internationally agreed tax standard, which requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a

domestic tax interest requirement or bank secrecy for tax purposes. A copy of this OECD list, which was issued on April 2, 2009, is attached.

If you have any further questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. As always, we will continue to keep you informed of Guernsey's efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

Lyndon Trott

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-----------------------|--------------------|----------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey ² | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens³ | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | 2002 | (4) | Nauru | 2003 | (0) |
| Bahamas | 2002 | (1) | Netherlands Antilles | 2000 | (7) |
| Bahrain | 2001 | (6) | Niue | 2002 | (0) |
| Belize | 2002 | (0) | Panama | 2002 | (0) |
| Bermuda | 2000 | (3) | St Kitts and Nevis | 2002 | (0) |
| British Virgin Islands | 2002 | (3) | St Lucia | 2002 | (0) |
| Cayman Islands ⁴ | 2000 | (8) | St Vincent & Grenadines | 2002 | (0) |
| Cook Islands | 2002 | (0) | Samoa | 2002 | (0) |
| Dominica | 2002 | (1) | San Marino | 2000 | (0) |
| Gibraltar | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Grenada | 2002 | (1) | Vanuatu | 2003 | (0) |
| Liberia | 2007 | (0) | | | |
| Liechtenstein | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

¹ The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

² Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

³ These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

⁴ The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 11 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

⁵ Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

**Guernsey-Joint Committee on Taxation Meeting
Thank You Letters
Meeting Date: May 5, 2009**

Letters to:

Edward D. Kleinbard, Esq.
Chief of Staff
Joint Committee on Taxation
1015 Longworth House Office Building
Washington, DC 20515
edward.kleinbard@mail.house.gov

Thomas A. Barthold
Deputy Chief of Staff (**Note:** Barthold will become Chief of Staff on May 16, 2009)
Joint Committee on Taxation
1015 Longworth House Office Building
Washington, DC 20515

Brion D. Graber, Esq.
Legislation Counsel
Joint Committee on Taxation
1015 Longworth House Office Building
Washington, DC 20515
brion.graber@mail.house.gov

Cyndi Lafuente, Esq.
Legislation Counsel
Joint Committee on Taxation
1015 Longworth House Office Building
Washington, DC 20515
Cyndi.lafuente@mail.house.gov

Kevin M. Levingston
Accountant
Joint Committee on Taxation
1015 Longworth House Office Building
Washington, DC 20515
Kevin.levingston@mail.house.gov

Emily S. McMahon, Esq.
Deputy Chief of Staff
Joint Committee on Taxation
1015 Longworth House Office Building
Washington, DC 20515
emily.mcmahon@mail.house.gov

Dear _____:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us regarding the “Stop Tax Haven Abuse Act,” which would “blacklist” Guernsey as an “offshore secrecy jurisdiction.”

As the Joint Committee on Taxation prepares to advise Congress on the drafting of legislation to address offshore tax evasion, I want to remind you that the Organisation for Economic Co-operation and Development (“OECD”) has issued a new report that lists those jurisdictions that have not implemented the internationally agreed tax standard, which requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. If it is decided that a list of “tax havens” or “offshore secrecy jurisdictions” must be included in legislation on this issue, I respectfully suggest that this OECD list, which was issued on April 2, 2009, be used. A copy of this OECD list is attached.

If you have any further questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. As always, we will continue to keep you informed of Guernsey’s efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

Lyndon Trott

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-------------|--------------------|----------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens³ | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | 2002 | (4) | Nauru | 2003 | (0) |
| Bahamas | 2002 | (1) | Netherlands | 2000 | (7) |
| Bahrain | 2001 | (6) | Antilles | | |
| Belize | 2002 | (0) | Niue | 2002 | (0) |
| Bermuda | 2000 | (3) | Panama | 2002 | (0) |
| British Virgin Islands | 2002 | (3) | St Kitts and Nevis | 2002 | (0) |
| Cayman Islands ⁴ | 2000 | (8) | St Lucia | 2002 | (0) |
| Cook Islands | 2002 | (0) | St Vincent & Grenadines | 2002 | (0) |
| Dominica | 2002 | (1) | Samoa | 2002 | (0) |
| Gibraltar | 2002 | (1) | San Marino | 2000 | (0) |
| Grenada | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Liberia | 2007 | (0) | Vanuatu | 2003 | (0) |
| Liechtenstein | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

¹ The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

² Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

³ These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

⁴ The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 11 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

⁵ Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

Guernsey Meeting With Aruna Kalyanam & Kase Jubboori
Thank You Letters
Meeting Date: May 5, 2009

Letters to:

Aruna Kalyanam, Esq.
Tax Counsel
Ways and Means Committee
1102 Longworth Building
Washington D.C. 20515
Aruna.kalyanam@mail.house.gov

Kase W. Jubboori, Esq.
Tax Counsel
Ways and Means Committee
1102 Longworth Building
Washington D.C. 20515
Kase.jubboori@mail.house.gov

Dear _____:

On behalf of Chief Executive Mike Brown, External Affairs Adviser Jonathan Hooley, and all of the citizens of Guernsey, I want to thank you for taking the time to meet with us regarding legislation that would “blacklist” Guernsey as an “offshore secrecy jurisdiction.”

I am pleased to hear that Chairman Rangel believes that a blacklist is not the right approach in developing legislation to address offshore tax evasion and that using criteria to identify suspect jurisdictions is a better course of action. If, however, a list must be used, I would like to again suggest that Chairman Rangel support revising the initial list in the legislation so that it reflects only those jurisdictions that the Organisation for Economic Co-operation and Development

("OECD") has determined have not implemented the internationally agreed tax standard, which requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. A copy of this OECD list, which was issued on April 2, 2009, is attached.

If you have any further questions about Guernsey, please contact me or Linda E. Carlisle at White & Case LLP at (202) 626-3666 or lcarlisle@whitecase.com. As always, we will continue to keep you informed of Guernsey's efforts to promote transparency and international cooperation on tax matters.

Again, thank you for your time and consideration.

Sincerely,

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

| Jurisdictions that have substantially implemented the internationally agreed tax standard | | | |
|---|-------------|--------------------|----------------------------|
| Argentina | Germany | Korea | Seychelles |
| Australia | Greece | Malta | Slovak Republic |
| Barbados | Guernsey | Mauritius | South Africa |
| Canada | Hungary | Mexico | Spain |
| China ² | Iceland | Netherlands | Sweden |
| Cyprus | Ireland | New Zealand | Turkey |
| Czech Republic | Isle of Man | Norway | United Arab Emirates |
| Denmark | Italy | Poland | United Kingdom |
| Finland | Japan | Portugal | United States ³ |
| France | Jersey | Russian Federation | US Virgin Islands |

| Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented | | | | | |
|--|--------------------|----------------------|--------------------------|--------------------|----------------------|
| Jurisdiction | Year of Commitment | Number of Agreements | Jurisdiction | Year of Commitment | Number of Agreements |
| Tax Havens³ | | | | | |
| Andorra | 2009 | (0) | Marshall Islands | 2007 | (1) |
| Anguilla | 2002 | (0) | Monaco | 2009 | (1) |
| Antigua and Barbuda | 2002 | (7) | Montserrat | 2002 | (0) |
| Aruba | 2002 | (4) | Nauru | 2003 | (0) |
| Bahamas | 2002 | (1) | Netherlands | 2000 | (7) |
| Bahrain | 2001 | (6) | Antilles | | |
| Belize | 2002 | (0) | Niue | 2002 | (0) |
| Bermuda | 2000 | (3) | Panama | 2002 | (0) |
| British Virgin Islands | 2002 | (3) | St Kitts and Nevis | 2002 | (0) |
| Cayman Islands ⁴ | 2000 | (8) | St Lucia | 2002 | (0) |
| Cook Islands | 2002 | (0) | St Vincent & Grenadines | 2002 | (0) |
| Dominica | 2002 | (1) | Samoa | 2002 | (0) |
| Gibraltar | 2002 | (1) | San Marino | 2000 | (0) |
| Grenada | 2002 | (1) | Turks and Caicos Islands | 2002 | (0) |
| Liberia | 2007 | (0) | Vanuatu | 2003 | (0) |
| Liechtenstein | 2009 | (1) | | | |
| Other Financial Centres | | | | | |
| Austria ⁵ | 2009 | (0) | Guatemala | 2009 | (0) |
| Belgium ⁵ | 2009 | (1) | Luxembourg ⁵ | 2009 | (0) |
| Brunei | 2009 | (5) | Singapore | 2009 | (0) |
| Chile | 2009 | (0) | Switzerland ⁵ | 2009 | (0) |

| Jurisdictions that have not committed to the internationally agreed tax standard | | | |
|--|----------------------|--------------|----------------------|
| Jurisdiction | Number of Agreements | Jurisdiction | Number of Agreements |
| Costa Rica | (0) | Philippines | (0) |
| Malaysia (Labuan) | (0) | Uruguay | (0) |

¹ The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

² Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

³ These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

⁴ The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 11 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

⁵ Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

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August 5, 2009

Joe Huddleston, Esq.
Executive Director
Multistate Tax Commission
444 North Capitol Street, NW
Suite 425
Washington, DC 20001

Dear Joe:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Attached are press releases issued by Guernsey and New Zealand on the TIEA.

If you have any questions about this material or Guernsey, please contact me at (202) 626-3666 or lcarlisle@whitecase.com.

Sincerely,



Linda E. Carlisle

LEC:jw

Attachments

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August 5, 2009

Gregory S. Matsdon, Esq.
Deputy Director
Multistate Tax Commission
444 North Capitol Street, NW
Suite 425
Washington, DC 20001

Dear Greg:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 5, 2009

Mr. Elliot J. Dubin
Director, Policy Research
Multistate Tax Commission
444 North Capitol Street, NW
Suite 425
Washington, DC 20001

Dear Elliot:

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August 5, 2009

Nicholas A. Wyatt, Esq.
Tax Counsel
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20515

Dear Nick:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 5, 2009

Ryan McCormick, Esq.
Tax Counsel
Office of Senator Bill Nelson
720 Hart Senate Office Building
Washington, DC 20510

Dear Ryan:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 5, 2009

Aruna Kalyanam, Esq.
Tax Counsel
House Ways and Means Committee
1102 Longwoth House Office Building
Washington, DC 20515

Dear Aruna:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 5, 2009

Kase W. Jubboori, Esq.
Tax Counsel
House Ways and Means Committee
1102 Longworth House Office Building
Washington, DC 20515

Dear Kase:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 5, 2009

Thomas A. Barthold
Chief of Staff
Joint Committee on Taxation
1015 Longwoth House Office Building
Washington, DC 20515

Dear Tom:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 5, 2009

Brion D. Graber, Esq.
Legislation Counsel
Joint Committee on Taxation
1015 Longwoth House Office Building
Washington, DC 20515

Dear Brion:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 5, 2009

Cyndi Lafuente, Esq.
Legislation Counsel
Joint Committee on Taxation
1015 Longwoth House Office Building
Washington, DC 20515

Dear Cyndi:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 8, 2009

Kevin M. Levingston
Accountant
Joint Committee on Taxation
1015 Longwoth House Office Building
Washington, DC 20515

Dear Kevin:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 8, 2009

Emily S. McMahon, Esq.
Deputy Chief of Staff
Joint Committee on Taxation
1015 Longwoth House Office Building
Washington, DC 20515

Dear Emily:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Sincerely,



Linda E. Carlisle

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August 8, 2009

Melissa Mueller, Esq.
Tax Counsel
Office of Congressman Richard E. Neal
2208 Rayburn House Office Building
Washington, DC 20515

Dear Melissa:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Linda E. Carlisle

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August 8, 2009

Aharon J. Friedman, Esq.
Tax Counsel
House Ways and Means Committee
1102 Longworth House Office Building
Washington, DC 20515

Dear Aharon:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Linda E. Carlisle

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August 8, 2009

John Harrington, Esq.
International Tax Counsel
Department of Treasury
Room 3054
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear John:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Linda E. Carlisle

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August 8, 2009

Jeffrey Ziarko, Esq.
Tax Legislation Counsel
Office of Congressman Sander M. Levin
1236 Longworth House Office Building
Washington, DC 20515

Dear Jeff:

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August 8, 2009

Robert L. Roach, Esq.
Counsel & Chief Investigator
Permanent Subcommittee on Investigations
199 Russell Senate Office Building
Washington, DC 20510

Dear Bob:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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Direct Dial + 202 626-3666 Direct Facsimile + 202 639-9355 lcarlisle@whitecase.com

August 8, 2009

Ross K. Kirschner, Esq.
Counsel
Permanent Subcommittee on Investigations
199 Russell Senate Office Building
Washington, DC 20510

Dear Ross:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

As was mentioned in our meeting in May, Guernsey is working to conclude TIEA negotiations with several nations and has invited many others to start work on negotiating a TIEA. Guernsey expects to sign its next TIEA with Australia this month.

Attached are press releases issued by Guernsey and New Zealand on the TIEA.

If you have any questions about this material or Guernsey, please contact me at (202) 626-3666 or lcarlisle@whitecase.com.

Sincerely,



Linda E. Carlisle

LEC:jw

Attachments

White & Case LLP
701 Thirteenth Street, NW
Washington, DC 20005

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Fax + 1 202 639 9355
www.whitecase.com

Direct Dial + 202 626-3666 Direct Facsimile + 202 639-9355 lcarlisle@whitecase.com

August 8, 2009

Allen Huffman, Esq.
Tax Counsel/Deputy Legislative Director
Office of Senator Byron L. Dorgan
322 Hart Senate Office Building
Washington, DC 20510

Dear Allen:

Thank you again for taking the time to meet with me and government officials from the States of Guernsey in May to discuss Guernsey's current laws and continuing efforts to promote open and effective information exchanges among nations to combat tax evasion. I am pleased to inform you that Guernsey signed a Tax Information Exchange Agreement ("TIEA") with New Zealand on July 22, 2009. This is the 14th TIEA signed by Guernsey. It will enter into force when both countries ratify it, which is expected to occur before the end of the year.

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If you have any questions about this material or Guernsey, please contact me at (202) 626-3666 or lcarlisle@whitecase.com.

Sincerely,



Linda E. Carlisle

LEC:jw

Attachments

SECTION V – INFORMATIONAL MATERIALS

Copy of materials disseminated by the Government of the Isle of Man to Treasury, State Department and Congressional Committees via handout during meetings on the tax and financial systems of the Isle of Man which were attended by the Registrant as indicated in item 12.

Isle of Man Delegation Visit

July 8 – 10, 2009

Delegation Members:

- Tony Brown, Isle of Man Chief Minister
 - Allan Bell, Isle of Man Treasury Minister
 - Mary Williams, Isle of Man Chief Secretary
 - John Corlett, Isle of Man Attorney General
 - Della Fletcher, Isle of Man Director of External Relations
-

White & Case LLP Staff:

- Linda E. Carlisle, Partner
Office: (202) 626-3666; Cell: (202) 256-1217
lcarlisle@whitecase.com
 - Geoffrey B. Lanning, Associate
Office: (202) 626-3658; Cell: (703) 655-6118
glanning@whitecase.com
 - Patrick Holten, Government Affairs Specialist
Office: (202) 626-3650; Cell: (202) 256-3821
pholten@whitecase.com
-

Car Service:

Sunny's Executive Sedan Service Inc.
5252 Cherokee Ave, Suite # 220
Alexandria, VA 22312
(866) 877- 8669 or (800) 949-0949
sunny@sunnylimo.com

Driver: _____ ? Cell Number: _____ ?

July 8, 2009: Reservation# 498551
July 9, 2009: Reservation# 498552
July 10, 2009: Reservation# 498554

Tuesday, July 7, 2009

6:40 PM: Delegation arrives at Dulles International Airport

Hotel:

Willard Intercontinental
1401 Pennsylvania Avenue, NW
Washington DC 20004
(202) 628 9100
washington@interconti.com

Wednesday, July 8, 2009

8:30 AM: Prebrief meeting at White & Case LLP.

Fruit, bagels, pastries, coffee and tea will be served.

White & Case LLP
701 13th Street, NW
11th Floor, Room 11-D
Washington, DC 20005
(202) 626-3600

10:00 AM: Meeting with the Joint Committee on Taxation.

Thomas Barthold*
Chief of Staff
Joint Committee on Taxation
1015 Longworth House Office Building
Washington, DC 20515
Phone: (202) 225-3621
thomas.barthold@mail.house.gov

10:45 AM: Meeting with Aharon Friedman, Republican Tax Counsel to House Ways and Means Committee. Friedman is the senior tax counsel to Rep. Dave Camp (R-Michigan), the senior Republican on the Ways and Means Committee. **Note: meeting is at 1139E Longworth.**

Aharon J. Friedman, Esq.
Tax Counsel (Minority)
Ways and Means Committee
1102 Longworth Building
Washington D.C. 20515
Phone: (202) 225-3074
Aharon.friedman@mail.house.gov

11:30 AM: Meeting with Jeffrey Ziarko, Tax Counsel to Representative Sander Levin. Rep. Levin is a House cosponsor of the Stop Tax Haven Abuse Act and third-most senior Democratic member of the House Ways and Means Committee.

Jeffrey Ziarko, Esq.
Tax Legislative Counsel
Representative Sander M. Levin
1236 Longworth Building
Washington, D.C. 20515
(202) 225-4961
Jeffrey.ziarko@mail.house.gov

12:30 PM: Lunch at the Longworth Building Cafeteria

2:00 PM: Meeting with Melissa Mueller, Tax Counsel to Rep. Richard Neal (D-Massachusetts), Chairman of the House Ways and Means Subcommittee on Select Revenue Measures and cosponsor of the Stop Tax Haven Abuse Act. **Note: Meeting is at 1102 Longworth Building.**

Melissa Mueller, Esq.*
Tax Counsel
Rep. Richard E. Neal (D-Massachusetts)
Chairman
House Subcommittee on Select Revenue Measures
2208 Rayburn Building
Washington, DC 20515
Phone: (202) 225-5601
melissa.mueller@mail.house.gov

3:00 PM: Meeting with House Ways and Means Committee Democratic Tax Counsels to Chairman Charles Rangel (D-New York).

Aruna Kalyanam, Esq.*
Tax Counsel (Majority)
1102 Longworth Building
Washington D.C. 20515
Phone: (202) 225 3074
Aruna.kalyanam@mail.house.gov

Kase Jubboori, Esq.*
Tax Counsel (Majority)
1102 Longworth Building
Washington D.C. 20515
Phone: (202) 225 3074
Kase.jubboori@mail.house.gov

5:00 PM: Meeting with Senate Permanent Subcommittee on Investigations, which is chaired by Senator Carl Levin (D-Michigan), lead sponsor of the “Stop Tax Haven Abuse Act.”

Robert L. Roach, Esq.*
Counsel & Chief Investigator
Permanent Subcommittee on Investigations
199 Russell Senate Office Building
Washington, DC 20510
Phone: (202) 224-1957
Phone: (202) 224-9505 (PSI Office)
Email: bob_roach@hsgac.senate.gov

Timothy R. Terry, Esq.
Counsel (Republican)
Permanent Subcommittee on Investigations
199 Russell Senate Office Building
Washington, DC 20510
Phone: (202) 224-3721
timothy_terry@hsgac.senate.gov

6:00 PM: Dinner with the Delegation.

Fogo de Chao
1101 Pennsylvania Ave NW
Washington, DC 20004
(202) 347-4668

Thursday, July 9, 2009

8:30 – 11:00 AM: Visit Arlington National Cemetery. Shuttle will pick you up at the hotel.

Points of Interest:

- Eternal Flame at the grave of President John F. Kennedy.
- Grave of Robert F. Kennedy.
- Tomb of the Unknown Soldier. Guard changing ceremony occurs every half hour.
- Grave of Manxman Edward F. Qualtrough. Located in Section 13, Grave # 1925.

11:30 AM: Prebrief meeting at White & Case LLP. Lunch served.

White & Case LLP
701 13th Street, NW
11th Floor, Room 11-D
Washington, DC 20005
(202) 626-3600

1:00 PM: Meeting with Treasury Department International Tax Counsel John Harrington.

John Harrington, Esq.*
International Tax Counsel
Department of the Treasury
Room 3054
1500 Pennsylvania Avenue
Washington, DC 20220
Phone: (202) 622-0589
Fax: (202) 622-0605
Email: john.harrington@do.treas.gov

2:30 PM: Meeting with Ryan McCormick, Tax Counsel to Senator Bill Nelson (D-Florida), cosponsor of Sen. Levin blacklisting bill and member of the Finance Committee.

Ryan McCormick, Esq.
Tax Counsel
Senator Bill Nelson (D-Florida)
720 Hart Senate Building
Washington, DC 20510
Phone: (202) 224-6551
ryan_mccormick@billnelson.senate.gov

3:15 PM: Meeting with Mary Baker* and David Hughes, Senate Finance Committee Tax Counsels to Chairman Max Baucus (D-Montana). Nicholas Wyatt, Republican Tax Advisor to Ranking Member Charles Grassley (R-Iowa) will join this meeting.

Senate Finance Committee
219 Dirksen Building
Washington, DC 20515
Phone: (202) 224-4515
David_Hughes@finance-dem.senate.gov
Mary_Baker@finance-dem.senate.gov
Nick_Wyatt@finance-rep.senate.gov

5:30 PM: Meeting with Allen Huffman, Tax Counsel to Senator Byron Dorgan (D-ND). Sen. Dorgan is the lead sponsor of a Senate bill introduced in the last Congress that would list the Isle of Man as a “tax haven” based on the 2000 OECD list.

Allen Huffman, Esq.*
Tax Counsel/Deputy Legislative Director
Senator Byron L. Dorgan (D-North Dakota)
322 Hart Senate Office Building
Washington, DC 20510
Phone: (202) 224-4304
Fax: (202) 224-1193
allen_huffman@dorgan.senate.gov

5:30 PM: Delegation splits. Select members depart for Isle of Man evening events in Alexandria, Virginia.

6:00 - 7:30 PM: Isle of Man Government reception for Washington Manx Society.

1006 Cameron Street
Alexandria, Virginia, 22307

7:35 PM: Leave for dinner engagement.

Friday, July 10, 2009

9:00 AM: Prebrief meeting at White & Case LLP.

Fruit, bagels, pastries, coffee and tea will be served.

White & Case LLP
701 13th Street, NW
11th Floor, Room 11-D
Washington, DC 20005
(202) 626-3600

10:00 AM: Meeting with the Multistate Tax Commission (“MTC”) Executive Director Joe Huddleston regarding the MTC’s reconsideration of its model statute that would blacklist the Isle of Man by reference to the 2000 OECD list.

Joe Huddleston, Esq.*
Executive Director
Multistate Tax Commission
444 North Capitol Street, NW, Suite 425
Washington DC 20001
Phone: (202) 624-8699
jhuddleston@MTC.gov

11:45 AM: Meeting at Financial Crimes Enforcement Network (FINCEN). Note: Meeting contact is Kari Heebink at (571) 431-2875.

William F. Baity*
Deputy Director
FINCEN
1099 14th Street NW, Suite 4600
Washington, DC 20005-3419
(703) 905-3591
William.baity@fincen.gov

Kari L. Heebink
Regional Specialist
International Programs Division
Financial Crimes Enforcement Network (FinCEN)
(703) 905-3842
Kari.Heebink@fincen.gov

12:45 PM: Lunch with FINCEN.

DC Coast
1401 K Street, NW
Washington, DC 20005
(202) 216-5988
www.dccoast.com

7:00 PM: Flight Departs from Dulles International Airport.

* Indicates persons who have met previously with Isle of Man officials.