

Virgin on the ridiculous

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If irony needs physical form made flesh, there can be few better examples than last month's findings of an official Commission report that the British Virgin Islands was suffering from poor governance and widespread corruption, having to be brought forward because the Islands' Premier, Andrew Fahie, was arrested in the USA and stripped of his position for drug smuggling charges (which he denies). Although the Commission's findings were not directly connected to Fahie's disgrace, the timing was not good. But while the report avers that the BVI should be placed under direct rule from London, the bigger question is not so much whether this is a return to old-school 'colonialism' and control, but whether this is simply a sticking plaster over a gaping wound that few actually wish to treat.



The Rankin Commission was tasked with investigating the scope and scale of alleged public sector 'dishonesty' and the general standard of governance and law enforcement across the BVI. In all of these areas, the BVI scored poorly. Specific examples were given of over \$5m USD of farming grant money being disseminated dishonestly, a 'fixer' of Andrew Fahie taking money for contracts that never existed, and projects being awarded to construction companies that had neither the licences nor expertise required, but there was broad criticism also of a system whereby supposedly independent boards were manipulated, proper procedure was routinely ignored by minister and public sector officials, and that supposedly mitigatory legal measures such as the Whistleblowers Act and Integrity Act would not serve their purposes. This is a situation where the Commission concluded that good governance had been actively avoided – hence the recommendation that the government should be dissolved, and direct rule re-introduced.

While such a scale of corruption and failure seemingly makes any counter-argument impossible, the BVI has tried. Acting premier, Natalio Wheatley, has implied that the recommended measures would effectively be contradicting the democratic principles of both the Islands and UK, and asserted that the BVI could resolve the problems best by itself (which, in light of the above, can be read as either stunningly naïve or staggeringly offensive). Concerns have also been expressed by the Organisation of East Caribbean States that this is 'imposing... direct colonial rule' on the BVI, understandably a sensitive and emotive issue for all involved. While the latter is a valid concern, the self-reliance defence does not work, as it is clear that

this is an institutionalised system designed to limit transparency and enfranchise dishonesty. Those that makes the mess can rarely be trusted to clean it up.

And yet, this is an issue that goes beyond both the Commission's parameters, and the BVI's borders. While focusing on the problems of governance and public sector transparency, the investigation openly and notably did not cover the financial services industry, in which 'BVI' has become a byword for shell companies and anonymity which, whilst remaining strictly legal, tend to be hallmarks of the elite and criminal classes attempting to, at the very least, 'optimise' their tax or diminish transparency. It took the leaks of the Panama, Paradise and Pandora Papers for London to force the BVI to produce a register showing the ultimate beneficial ownership of the close to 400,000 shell companies registered in its offices, and even the deadline of 2023 is in doubt if the Islands can plead the case that their economy is so reliant on the offshore industry that to hamstring it in this way would damage them unduly. Any grappling with the BVI as unfit-for-business surely must acknowledge the stain of the financial industry in a meaningful way, but so far nothing, in a double blow for businesses that prefer to operate in a transparent manner: not only the revelation that the BVI is far more systematically corrupt than previously thought, but that its biggest black mark against corporate transparency remains untouched.

And the UK's role as arbiter of what is, and is not, acceptable in the BVI is somewhat laughable. Consider the examples described above: for dishonest dissemination of money, read the overwhelming allocation of fund to Tory-voting constituencies. For contract fiddling, read the PPE fast lane. And for incompetent and inadequate companies, read Chris Grayling's ferry disaster. This is to say nothing of the degree to which the UK is predicted to be – or indeed, already is – a haven of its own for money laundering and protecting the ill-gotten gains of the elite. The problems of the BVI are manifold and should act as a clarion call for corporates to push for deeper and broader regulation and reform in the jurisdiction and the financial services industry. But it does us no good to ignore similar problems that are a lot closer to home.

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