

A SARK LARK UPDATE

In the late 1990s, there was a concerted effort by the authorities – the British Government as well as the Guernsey Financial Services Commission – to “stamp out” the Sark Lark. At the time, the Independent wrote that “*War is being waged against ‘nominee directors’ in tax havens*”.

In the same article, the Independent goes on to say that:

“In the 1980s, the Channel Islands became famous for the “Sark Lark” in which companies bought Sark addresses without any physical presence on the island. This is now outlawed but islanders can still offer themselves as directors, conferring both secrecy and tax benefits on overseas companies.”

“Of Sark's 600 or so residents, it is thought that most of the adult population are involved in some way in the business of directorship, which provides maybe 10 to 15 per cent of the island's income. One Sark director says the number has now fallen to fewer than 100 in the wake of the Manchester ruling.”

“Guernsey's Financial Services Commission is working to bring in a law that will give it much stronger powers to keep what Mr Morgan describes as “undesirable operators” off the islands. By creating a licensing system for company directors, the commission will have the power to screen all those who provide directorships as a business.”

“The punch point is that we will have the power to outlaw the Sark Lark,” said Mr Morgan. “This will give us express permission to do this and it is an important part of the prospective legislation.”

(<http://www.independent.co.uk/news/business/stamping-out-the-sark-lark-1102707.html>)

Despite all the rhetoric, Sark’s dubious nominee directorship industry, as spearheaded by Mrs Bertha Cole, wife of Peter Cole, prominent politician and Chairman of Sark’s Shipping Committee, is still evidently going strong and the much publicised war against it either ran out of steam or it was quietly abandoned. Instead, the GSFC appears to condone the practice and lend it credibility by issuing licences to its participants.

As proven by Sark News' previously published research, Sark residents are still "*holding themselves out as company directors, while passing all directors' duties to the owners of the company, thus taking no responsibility*" – described 10 years ago as "*a scandal*".

On the internet, Sark-based companies offer "offshore financial services" including the provision of directors. A plethora of non-Sark companies offer offshore company formation services in jurisdictions seen as desirable for their low level of taxation and regulation. Sark is listed as just such a jurisdiction alongside places such as Bermuda, Macao, Cook Islands, Seychelles and the BVI's, to mention but a few.

The website of CSR, a US/Seychelles based firm with sub-offices all over the world, says it all. CSR claims to be able to "*incorporate your new Sark company today!*" complete with "*a prestigious virtual office*", "*fully legal tax exempted status*", "*offshore bank account with multi currency services*" and, of course "*nominee directors*" to ensure your "*personal information remains confidential*" but giving you "*a power of attorney so you can control and manage the company*". (www.csr-corporation.com)

Obviously, the Sark Lark was never stamped out. It just changed shape and got itself re-branded as legitimate offshore financial services. Over to you, Guernsey Financial Services Commission.