

**QUESTION TO BE ASKED OF THE PRESIDENT OF THE POLICY AND RESOURCES
COMMITTEE ON TUESDAY 29th APRIL 2003, BY SENATOR E.P. VIBERT**

Question

- (a) Is the President aware that the Irish Taxation authorities (Irish Revenue) through their Revenue Offshore Assets Group is investigating more than 400 people for tax evasion through trust accounts set up in Jersey by The Bank of Ireland Trust Company (Jersey) Limited, and, if so, what assistance is being offered to the Irish Revenue by Jersey's financial authorities?
- (b) Would the President advise the Assembly how it was possible for these trust accounts to be set up in Jersey, bearing in mind the strict controls in place administered by the Jersey Financial Services Commission, and whether it is still possible for such accounts to be set up in the Island?
- (c) Would the President inform members whether or not this activity places the Bank of Ireland Trust Company (Jersey) Limited's banking licence at risk, bearing in mind that tax evasion is a criminal offence, and would he agree that international exposure of this type of activity could be extremely damaging to the Island's quest to be regarded as a "squeaky clean" international finance centre?

Answer

- (a) I am aware of the matter to which the Senator refers. Assistance in respect of suspected criminal activities is a matter for the Attorney General who has the necessary powers to give such assistance if it is requested and if it is appropriate to do so.
- (b) Given the independent status of the Financial Services Commission it would not be appropriate for me to seek to discuss the details of any case with the Commission, nor as a matter of law would the Commission be permitted to share with me any confidential information in its possession. However, what I can say is that since 2001, under the Financial Services (Jersey) Law, trust and company service providers have been subject to a far greater degree of regulation than would be the case in most other jurisdictions including the Republic of Ireland. Trust and company service providers are now required to comply with international standards for 'know your customer' procedures, and under the all crimes money laundering legislation are required to submit suspicious transaction reports if they suspect that any of their clients are engaged in criminal activity.
- (c) The regulation of banks is a matter for the Financial Services Commission. However it is well known that the Commission's policy is to expect those financial institutions that it regulates to comply with international standards. No international finance centre can ensure that none of the clients of its financial institutions are engaging in criminal activity. What distinguishes finance centres is the extent to which they have legislation and procedures in place that minimises the risk of such activity occurring, and that ensures that both the financial institutions and the authorities can and do respond appropriately to any such activity when it is shown to occur. Independent reviews of Jersey by bodies such as the Financial Action Task Force and the IMF have given the Island high marks in these respects.