

SWITZERLAND

The “escape agents”

At a congress in Zurich tax havens entice the world’s rich – An entirely globalised world was on show at luxury hotel The Dolder Grand.

BY Margrit Sprecher | 10 December 2009, 7 am ; © Arnd Wiegmann/Reuters



Only the seriously wealthy met at the end of November in the ballroom of Zurich hotel The Dolder Grand in search for a safe haven.

“Only the *seriously* wealthy”, smiles Robert Ferfecki, an epithet that is otherwise used in conjunction with illnesses. Unfortunately his smile wanes and he declines to comment further. Suffice it to say: The names of his German customers sound entirely familiar to us. His other customers mainly come from Eastern Europe and third world countries, areas in which the wealthy fear not only the tax man, but also criminals and terrorists.

It is already the third congress organised by Henley & Partners, Jersey for people wanting to escape their old citizenships in search of a safe haven for them and their assets. The congress was held in Dubai in 2007 and in Hong Kong in 2008. At the end of November 2009, the seriously wealthy met in the ballroom of The Dolder Grand hotel and sat, arms crossed, as they listened to the incentives of new domiciles. If the country failed to rouse immediate interest, the listeners took out their business cards or typed on their mobiles.

The Russians were noticeable from their leather jackets, the South Americans from their loud printed shirts. Customers from the Middle and Far East had sent their lawyers and bankers. The swarm of dark-suited advisors moved with the limberness of someone who deals with wealth on a daily basis.

As in a beauty contest, the countries took to the stage one by one and competed not with vital statistics but with tax tables for the favour of the

billions in the room. Belgium does not charge wealth tax and offer an easy naturalisation procedure for persons having lived in the country for seven years. Austria takes care of the naturalisation formalities in just 12 to 18 months, but requires a donation of ten million US dollars to a public institution. New Austrians have no need to speak German, or know how to sing the national anthem, let alone have a sense of belonging. At the congress, nationality is referred to as “the product” and its price is a matter for negotiation.

The Caribbean group of islands of St. Kitts and Nevis sent its own Prime Minister to Zurich. After a 15 minute delay, Dr. Denzil Douglas ambled on to the stage, a living example of how relaxed his home country is to live in. And on the backdrop visitors could see palm trees swaying in front of white wooden bungalows, illuminated by the azure blue sea and smiling faces. The high point of the show: A man-size passport appeared on the projection wall. Gold letters shimmered on the brown background.

No other legal passport is easier and quicker to obtain. It takes just three months and a donation of 250.000 US dollars to the charitable Sugar Industry Diversification Foundation to become a citizen of St. Kitts. A personal visit to the new country is not required. Businessmen from so-called rogue nations in particular jump at such a possibility. Finally they can conduct their business throughout the world without the tiresome job of obtaining visas and endless customs inspections.

Switzerland does not offer an easy access to citizenship. But even here, foreigners without a Swiss passport can find what they are looking for: discretion, peace and security. Such values are held dear by Germans in particular, who have suffered severe upset in the past. Like war refugees, they show the scars of the horrors suffered. A couple from the Rhineland was robbed five times in six years by tax administrators, an entrepreneur of the year hunted by the tax authorities by its own business, “as if I was a criminal”.

The second day of the congress was dedicated entirely to the tax benefits of Switzerland. It is the number one country of immigration for “ultra high net worth individuals”. Projected onto the screen is a series of idyllic postcard scenes: vineyards, lakes, romantic villages and snowy mountain tops. One canton scores points thanks to its proximity to airports and cutting edge medicine, the other thanks to its density of residential schools and “people who try everything to make you happy”. And all of this is in English, the fifth national language of Switzerland. “Welcome to your new haven!” entices the canton of Lucerne showing a ship on Lake Lucerne. “From tax desert to tax paradise!”, calls Obwalden, which has significantly reduced its taxes to the anger of other cantons. Lucerne and Obwalden are not the dream destinations of wealthy foreigners. “But they are the first places to look if you’re after for a quick solution”, explains Dr. Peter Krummenacher, lawyer and one of the Swiss partners of Henley & Partners, making eye contact over the edge of his English glasses. “The public bodies are much less encrusted.”

Robert Ferfecki, the managing director of Henley Estates in Switzerland takes care of the “emotional engineering” of immigrants. He is relaxed, willing to help and empathetic, a man that the seriously wealthy would like to have on their side. Even impossible living requests are his command: Your own helicopter landing pad, for example, in the middle of a highly populated suburb, or an idyllic country estate on Lake Geneva, which the client so avidly pointed out on the flight round. As there are almost certainly limits even for professionals, he often calls the owners without avail. If the villa does not belong to the Saudi royal family, it probably belongs to Michael Schumacher or the Chaplin family. With almost one hundred billionaires, Lake Geneva is the most densely populated super-rich biotope in the world.

Robert Ferfecki, who is even courteous to journalists, delivers crunchy details from his everyday life. He must never show Russians rooms that are less than four metres in height and must never show Indians houses that are less than 1000 square metres. Once Chinese or Egyptian families move into their new Swiss home, they can start living straight away. Ferfecki furnishes the house and employs a chef, gardener and chambermaid. He leaves all of the necessary documents on the desk, from work contracts and residence permits to insurance policies. The cars sit ready in the garage, the residential school places for the children are booked and memberships to the local golf club have been applied for.

During the coffee break, the visitors to the congress roam around the sales stands in the lobby. They know everything, yachts with dining halls as big as gothic cathedrals, bubble wrap blocks directly on the lake from 15 million Swiss Franks per apartment. The only thing they do not know is the Rüblihorn mountain. The model of the Bernese mountain is swung open like in artist Dr. Gunther von Hagens “body worlds”, inside you can see atomic bombs and gas shelters. The hollowed out mountain was discovered by Christoph Oswald when he was an active officer with the Swiss paratroops. “Then everything was terribly secret”, recalls the exhibiter. Since then he has purchased half of the mountain from the army and stores computer data and sensitive documents for thousands of customers in the caves. Here, these are safe from terrorists, wars and tax inspectors. Unlike the Swiss banking secrecy, nobody can penetrate this “Swiss Fort Knox”. A one hundred metre long obstacle runs into the horizon; there are always more and more 3-tonne doors and locks to get past. Once fingerprints have been compared, body heat is then checked. An underwater lake cools the computer and data and documents can be flown out within 24 hours to anywhere in the world from one of the helicopter landing pads in the wings, if required.

The speed at which values in the globalised wealthy world change is demonstrated by the American passport. Once groups of very pregnant women would travel to the United States to ensure that their children were automatically given US citizenship on birth.

But nowadays this same passport can be a death sentence. Anyone checking into a hotel in the Middle East with an American passport is putting their lives at risk. Holding an America passport was the only crime of those killed in the hotel lobby at Mumbai in November 2008. Put simply: How can you get rid of it? Marshall J. Langer, once an American, now living in London, gives his advice. A lawyer with the mildly ironic eyes of someone who is no longer surprised by anything has already helped dozens of people to ditch the “ticking time bomb”. He explains the difficulties faced in his presentation. He describes an indifferent American state that covers the faithless with vengeful claims. He even charges future inheritance taxes; after all, the deserter could die soon.

This harmless textile industrialist from Texas experienced denaturalisation. “Are you really sure?”, a US official asked him, so insistently, as if he had expressed a wish to commit suicide. Now the manufacturer is a citizen of St. Kitts and Nevis. Nothing against St. Kitts, he says and lowers his voice. He certainly doesn’t want to offend his brothers and sisters from his new home. But the island is small. And after four weeks, you want to see more than sea and palm trees. He thought of Canada. But once he noticed in his Zurich hotel suite that you could receive 12 English-speaking TV channels here, he believes Switzerland will be his new home.

The congress organisers feared that the battered reputation of the confederation had also had an effect on its position as the number one destination for wealthy foreigners. The mythical Swiss banking secrecy is now only a shadow of itself. And even the Swiss themselves are no longer what they once were. Before, you could always rely on their strong business sense. Now Zurich residents have voted in a referendum to abolish lump-sum taxation for wealthy foreigners. They find it unjust that wealthy foreigners can negotiate a tax sum with the state that is just a fraction of what wealthy Swiss fork out. Even billionaires pay, if they are foreigners, no more than 23 million –Swiss Franks in taxes annually in Switzerland.

The example of Zurich is attractive and other cantons such as Geneva want to follow suit. But Peter Krummenacher remains calm: “No other canton will be as stupid as Zurich.” Ultimately, the 5000 foreigners who pay lump sum taxes generate half a billion Swiss Franks for the State each year. In addition, their style of living creates 35,000 jobs, from chauffeurs and caddies to Botox doctors and schoolteachers.

However, at the congress there was no hint that our love for Switzerland was waning, the quality of living is too high for that. Every new terrorist attack, every revolution, every announced tax hike, anywhere in the world, creates a new wave of seriously wealthy immigrants to Switzerland. Even the British are coming, including actor Michael Caine and ex-Formula 1 boss Eddie Jordan to name a few. Top British earners are being threatened with an income tax increase from 40% to 50%.

Naturally, the crude word “tax evasion” is never mentioned in The Dolder Grand hotel, high above the sea of fog over Zurich. The catchphrase here instead is “global residence and citizenship”. Henley & Partners cannot of course exclude the fact that their customers may find themselves in the unpleasant situation of being accused of tax evasion, a lack of social conscience and a lack of solidarity. However, in such cases, the company’s all-round service delivers a perfect quote: “Where liberty dwells, there is **my** country.” Benjamin Franklin.

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