Secrecy and Governance

On the correlation between secrecy jurisdiction status and quality of governance.

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1. Introduction

1.1 Background

Tax havens[1] have lately become an object of much attention through both media and popular discussion. The extent of these jurisdictions is huge, but also widely acknowledged. For example, when Mark Zuckerberg (played by Jesse Eisenberg) and his co-founders gets Facebook rolling in the movie *The Social Network*, he is set up in a meeting with two investors:

> Investment man 1: "We took a look at everything, and congratulations: We are going to start you off with a 500 thousand dollar investment. Maurice is going to talk to you about some corporate restructuring"
> Investment man 2: "So, we will file as a corporation in Delaware…"
> (*The Social Network* 2010).

Though this sequence at best is a snappy and indirect criticism of secrecy jurisdictions, it illustrates a point highly relevant to this study: the popular opinion is aware that secrecy jurisdictions are widely used by investors, bankers, corporations and even private persons. Delaware, which even Hollywood seems to know is a secrecy jurisdiction, is one of the most apparent safe houses for tax evaders in this regard, but also other states in the US have similar characteristics. Yet, few of the major studies on the subject have classified the US (or any of its states) as a secrecy jurisdiction.

Thus, problems arise when studying secrecy jurisdictions, because no one can agree what they are, how they work or why they are secretive. All the studies referred to in this paper seems to have an opinion on which countries are secretive, but only Ahamed Zoromé (2007) even tries to offer an operational definition. This study will look at the relationship between secrecy jurisdiction status and quality of governance, in addition to the implications the terminology problem might offer. In their study *Which Countries Become Tax Havens?* (2007), Dharmapala and Hines discovered that secrecy jurisdictions are significantly better governed than other

[1] The terms "tax havens" and "secrecy jurisdictions" will be used as describing the same, but the latter is preferred over the first. "Secrecy jurisdictions" will also be used when referring to Dharmapala and Hines's study, though they use the term "tax haven" themselves.

countries. Indeed, they argue that "there are almost no poorly governed [secrecy jurisdictions]" (Dharmapala and Hines 2007: 1). This paper will try pick up the thread by exploring the relationship between secrecy jurisdictions and good governance further. It will be both a quasi-replication of Dharmapala and Hines's study, with a secondary focus on the problems offered by unclear terminology; an alternative classification of secrecy jurisdiction will be used to show how results can differ substantially with different sets of definitions.

1.2 Hypothesis

The overlying question of the study will be:

Are all secrecy jurisdictions well-governed?

Three hypotheses are derived from the question:

H0: There is no relationship between secrecy jurisdiction status and quality of governance.

H1a: Secrecy jurisdictions are jurisdictions with high quality of governance.

H1b: Secrecy jurisdictions are jurisdictions with low quality of governance.

What is important to note here is that quality of governance will be seen as a prerequisite for secrecy jurisdiction status, rather than a cause thereof: Well-governed jurisdictions are not expected to be secrecy jurisdictions, but secrecy jurisdictions are expected to be well-governed.

The definition applied to both secrecy jurisdictions and quality of government is somewhat given in this study, because of the data that is used, but to get a point of departure, and as a consequence of the unclear terminology regarding secrecy jurisdictions and quality of governance, an in-depth definition will be provided for both in the first section, along with some of the problems they carry. The first section will also take a deeper look at Dharmapala and Hines's study, and discuss why their conclusion should be tested. The second part will be a brief explanation of methodology and data, before the third section, which will be the main analysis. It will consist of two separate binary logistic regression analyses: One with Dharmapala and

Hines's list of tax havens as the dependent variable and one with TJN's secrecy jurisdiction list as the dependent variable. Most of the emphasis will be on the latter. The fourth section will be a discussion on the implications of the findings, before some concluding remarks.

As we will discover, the main finding of Dharmapala and Hines is still valid, with both their original secrecy jurisdiction list, and with an expanded secrecy jurisdiction list; generally secrecy jurisdictions have high quality of governance. Furthermore, the effect of quality of governance on secrecy jurisdiction status seems to be greater with the TJN-list than with the Dharmapala and Hines-list. Also interesting is the findings that indicate an effect of British origin on secrecy jurisdiction status. Indeed, with Dharmapala and Hines's list of secrecy jurisdictions, this variable has highest correlation with secrecy jurisdiction status.

2. Definitions

2.1 Secrecy jurisdictions

> The term "tax haven" has been widely used since the 1950s. Yet there is no consensus as to what it means
> (Palan et al. 2010: 17)

As Palan et al. so painfully points out, research on secrecy jurisdictions has yet to come up with a clarification on what a secrecy jurisdiction really is. The colloquial understanding of secrecy jurisdictions is that they are "places where taxes are low and where people choose to live or officially register their companies because taxes are higher in their own countries" (Oxford Advanced Learners Dictionary 2005). Nevertheless, different studies identify different jurisdictions as secretive/havens, and use all sorts of different terms such as, for example, offshore financial center (OFC) (Zoromé 2007), international financial center (IFC) (Lane and Milesi-Ferretti 2010), tax haven (Dharmapala and Hines 2007), and secrecy jurisdiction (Murphy 2009). There are hardly any studies that apply the same terminology and the same selection of secrecy jurisdictions. This is problematic when studying secrecy jurisdictions, because there is not always clarity on whether these studies are describing the same thing with different terms,

different subclasses of secrecy jurisdictions, or something else. For the sake of clarity, this study will try to use the term "secrecy jurisdiction" consistently from now on.

2.1.2 Dharmapala and Hines

If the results presented by Dharmapala and Hines (2007) were to be confirmed, there would be no doubt that secrecy jurisdictions are better governed than other jurisdictions. In their study, they looked at the effect quality of governance had on secrecy jurisdictions, and found that these jurisdictions "score very well on cross-country measures of governance quality […]" (Dharmapala and Hines 2007: 1). A critique, important to the basis of this paper, could be raised against the Dharmapala and Hines study though: Firstly, they identify 39 of 228 jurisdictions as secrecy jurisdictions, by following the Hines and Rice (1998) definition, which itself is based on OECD's theoretical definition. The OECD requires that four criteria fulfilled to label a jurisdiction as a secrecy jurisdiction: (1) the regime imposes low or no taxes on the relevant income, (2) the regime is ring-fenced from the domestic economy, (3) the regime lacks transparency, and (4) there is no effective exchange of information with respect to the regime (OECD 1998: 27). Though this definition seems to have an adequate face validity, the OECD mysteriously failed to classify any of their own members (NOU 2009:19 2009: 18), for example, Switzerland (which has the highest value on the FSI). Dharmapala and Hines recognize this fact, and chose to use a revised list of Hines and Rice (1994).

This is where the main reasons for testing their results lies: There is no uttered operation connected to the theoretical definition to justify the selection of cases, which then seems slightly arbitrary. Also, they fail to classify key jurisdictions (USA, UK etc.) as secrecy jurisdictions. Can the definition offered by TJN solve this problem?

2.1.3 Tax Justice Network

The definition offered by TJN is as follows:

> Firstly, secrecy jurisdictions create regulation that they know is primarily of benefit and use to those not resident in their geographical domain. [...] Second, secrecy jurisdictions create a deliberate, and legally backed, veil of secrecy that ensures that those from outside that jurisdiction making use of its regulation cannot be identified to be doing so. [...] These characteristics in combination define a secrecy jurisdiction.

(http://www.secrecyjurisdictions.com/PDF/SecrecyWorld.pdf)

As this is quite close to the OECD definition it deserves some explanation: The first element of this definition is often called "ring-fencing", which means that the regulatory measures in the jurisdiction are in favor of foreign investors over local residents (NOU 2009: 9). The second element, on the other hand, is that the jurisdiction hides the identity of the player behind the foreign money. In their Financial Secrecy Index (FSI), TJN identifies 72 countries as secrecy jurisdictions (SEE THE APPENDIX FOR THE LIST). TJN have more than doubled the amount of cases regarded as secretive compared, for example, to the OECD (1998) black-list that only listed 36 jurisdictions, and Ahmed Zoromé's (2007) list with its 22 jurisdictions. Central to the definition provided by TJN is also that they look at jurisdictions, which "[…] are not necessarily countries or states, although some are", which means that, for example, Isle of Man, Jersey, and Cayman Islands are treated as cases in this study, despite their status as dependencies or protectorates (Murphy 2009: 4). This can also pose some problems, because countries like USA have several jurisdictions within itself that are not secrecy jurisdictions, but this is not considered in the analysis.

Unfortunately, the TJN study does not say much about non-secrecy jurisdictions. Indeed, the operation applied to identify a secrecy jurisdiction is to combine 11 lists that identify secrecy jurisdictions, and classify jurisdictions that are mentioned in more than two of these lists as secrecy jurisdictions. This might be problematic as there is no way of knowing if other jurisdictions might be secretive, or even if the lowest scoring jurisdictions, such as Denmark and Spain, really are secrecy jurisdictions. Only if also the secrecy scores of non-secrecy jurisdictions are calculated can one set a threshold for which countries can and can not be classified as secretive. Furthermore, the selection of secrecy jurisdictions is totally disembedded from the theoretical definition, which is problematic in terms of validity (Hellevik 2002: 51). Nevertheless, this study will apply the TJN selection and look at it as the largest possible list of secrecy jurisdictions.

2.2 Quality of governance

Another controversial term is *good governance* or *quality of governance*. An attempt to measure quality of governance has been made by the World Bank project of Worldwide Governance

Indicators (WGIs). The methodology behind WGI defines quality of governance as "the traditions and institutions by which authority in a country is exercised. This includes (a) the process by which governments are selected, monitored and replaced; (b) the capacity of the government to effectively formulate and implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions." (Kaufmann et al. 2010: 4). Each of these aspects has two indicators that are described as follows:

A1. Voice and Accountability
A2. Political Stability and Absence of Violence/Terrorism
B1. Government Effectiveness
B2. Regulatory Quality (not included in the analysis)
C1. Rule of Law
C2. Control of Corruption
(Kaufmann et al. 2010: 4)

The theoretical definition offered by Kaufmann et al. has been met with some critique, among others, by Rothstein and Teorell (2008), who labels the definition as too broad. Indeed, they argue that the definition "does not distinguish between issues that concern the *access* to power and those that are related to the exercise of power. Moreover, it fails to distinguish between the *content* of specific policy programs on the one hand and the governing *procedures* on the other." (Rothstein and Teorell 2008: 168). They argue for the principle of impartiality, saying that when government officials implement laws and policies, they "shall not take into consideration anything about the citizen/case that is not beforehand stipulated in the policy or the law" (Rothstein and Teorell 2008: 170). Even though this definition is plausibly good, and application of it could be thought to alter the results of this analysis, it seems very hard to measure impartiality on an objective basis. Thus, the WGIs seem to be the best measurement for quality of governance available for the purpose of this study. Nevertheless, some caution must be applied in the reading of the results from this analysis, both because of the arguably broadness of the definition, but also because of the margin of error in the WGI estimates (Kaufmann et al 2010: ??).

3. Method and data

3.1 Method

[Need a better bridge here?] There are two reasons for selecting logistic regression for the purpose of this paper. Firstly, because the dependent variable (secrecy jurisdiction status) is dichotomous and the distribution S-curved, the prerequisite of homoscedasticity (that the variation around the regression line is overall equal) needed in an OLS (ordinary least squares) regression model is not satisfied (Skog 2004: 237, 379-380). Secondly, in spite of Dharmapala and Hines's use of the probit model to test the hypothesis, a logistic regression model seems more adequate here, as they are arguably more intuitive and should give similar results (Skog 2004: 390). The results are, nevertheless, not comparable to Dharmapala and Hines's results as governance estimates are gathered for different years.

3.2 The dataset and variables

The foundation of the dataset is based on the WGI dataset (found at??), supplemented with both variables from the FSI (found at??) and QoG dataset (found at??), and the WDI database (found at??). All the variables are shortly summarized in table 1, but a brief discussion on the theory behind the selection of them will also be given here. Secrecy jurisdiction status (tjn_sj) is the dependent variable in both analyses: in the first based on TJN's list of secrecy jurisdictions and in the second based on Dharmapala and Hines's list. Jurisdictions are coded as either secrecy jurisdictions (value = 1) if they appear on the list in question, or as non-secretive jurisdiction (value = 0) if they do not appear on the list in question.

The main independent variable in both analyses is the WGI index, which is an index of five of the six WGIs described above; regulatory quality is excluded, because it measures are partially based on attributes directly linked to secrecy jurisdiction status (Dharmapala and Hines 2007:??). Year 2011 was chosen as it was the closest to the present with few missing values. This will make the results less comparable with Dharmapala and Hines's results, as the governance measures might have changed from 2004, which they use as their measures. The control variables are chosen independently from Dharmapala and Hines, because they may lack some theoretical foundation for implementing some of them. It is also worth to mention that a factor analysis was done to control that the aggregation of the WGI index was adequate.

A variable for area size is collected from the QoG data set; missing values are replaced manually with the closest year available to 2011 by the courtesy of CIA – The World Factbook. The reason to control for the effect of area is the assumption that secrecy jurisdictions are small jurisdictions. Indeed, Dharmapala and Hines (2007: 7) discovered that all tax havens are small countries. The difference between the cases identified as secrecy jurisdictions is expected to nullify the effect of area in the TJN-based analysis, because some of the biggest jurisdictions (USA, India and Canada) are identified as secrecy jurisdictions here and not by Dharmapala and Hines.

Furthermore, a dummy variable of former or present British colonies, dependencies or protectorates is made (recoding of the "ht_regtype" variable of the QoG data set). This is in line with the "British spider's web" theory of Shaxson, saying that Britain successfully encouraged their (former) colonies, dependencies and protectorates to pursue low taxation and secrecy after World War II [more on this??] (Shaxson 2011: chap.6) Finally, GDP per capita PPP is used as a control variable, and is provided by WDI; missing values are supplemented manually with the closest year to 2011 by the courtesy of CIA – The World Factbook.

[VARIABLE TABLE APROX HERE]

4. Analysis

4.1 Binary logistic regression – TJN

The first logistic regression is done in one block. The independent variables in block 1 are WGI index, British origin, GDP per capita (in thousands), and area (sq.km); the dependent variable is SJ-status according to TJN. The [block table] shows how block 1 improve the model from block 0. Block 0 is a model with no independent variables, and is used to decide if the model is better with or without independent variables (Christophersen 2009: 179). [The table] shows that the difference between two log-likelihoods is reduced from block 0 to block 1, which indicates an improvement in the model (Christophersen 2009: 179). The log-likelihood change of 85,690 from block 0 to block 1 with 4 degrees of freedom indicates that the block improves the model with 33% (R^2_{HL}) from a model with no independent variables; block 1 is also a significant improvement from block 0 ($p < .05$). The Hosmer-Lemeshow test shows that the deviation

between predicted and observed values is not significant (p = ,988 > ,05), which means that the model can not be rejected (Christophersen 2009: 181). Block 1 explains between 33,5% (Cox & Snell R Square) and 47,2% (Nagelkerke R Square) of the variation in SJ-status, and correctly classified 80% of cases. It is also interesting to observe that four cases are listed in the casewise listing of residuals, which show cases with specially deviated residuals (Christophersen 2009: 179). These cases, who all have low values on WGI index, are Guatemala (-,57), Lebanon (-,77), Liberia (-,68) and Philippines (-,54).

[TJN BLOCK TABLE APROX HERE]

[The table of estimates] shows that two of the independent variables are significant at the 1%-level: WGI index and British origin. Both have a positive effect. Odds ratio (Exp(B)) shows "how many times bigger (or smaller) the odds is when the independent variable increases with one unit" (Skog 2004: 377). Odds ratio values over 1 indicate positive effects and values below 1 indicate negative effects (Hellevik 2002: 249).

[TJN BLOCK 1 ESTIMATES APROX HERE]

The odds ratio of WGI index is estimated to 6,349. This means that the odds of being a secrecy jurisdiction is estimated to be over 6 times (or (6,349 – 1)*100 = 534,9%) higher per unit increase on WGI index. Put differently, this means that the odds of being a secrecy jurisdiction increases by 534,9% from Romania with a WGI index of 0,03 to Cyprus with a WGI index of 1,03. Similar, British origin has a odds ratio of 3,323, which indicates that the odds of being a secrecy jurisdiction is estimated to be over 3 times higher for jurisdiction with British origin.

The confidence interval (CI for Exp(B)) shows the "range of values that we can be 95 per cent confident encompasses the true value of the odds ratio" (Pallant ??: 178). The span on the WGI index is quite large, but the lower bound does not cross 1, which means that H0 and H1b can be rejected with 95 per cent certainty. Thus, we can say that H1a stands, which means that secrecy jurisdictions tend to have high quality of governance. It is also interesting to note that British origin have a positive effect on SJ-status, which is in line with Shaxon's "spider's web" theory.

Both the variable for area size and GDP per capita is not significant, and has close to no effect on SJ-status. In the case of area size, this is contrastive to Dharmapala and Hines's findings, where all tax havens are regarded as small.

4.2 Binary logistic regression – Dharmapala and Hines

The next step is to check if the results are similar with a variable base on Dharmapala and Hines's secrecy jurisdiction list. As the method is the same as above and all the model requirements are passed with this dependent variable as well, only the estimates will be presented here:

[DHARMAPALA AND HINES BLOCK 1 ESTIMATES APROX HERE]

We immediately register that the expected effect of the WGI index is lower with this dependent variable, and that British origin actually correlates stronger than the WGI variable. Both are also significant at the 5% level together with measures for area size, which, nevertheless, has no effect on the dependent variable. The odds of being a secrecy jurisdiction is 275,9% higher for jurisdictions with British origin, and 141,0% per value increase on the WGI index.

The confidence interval suggest that the effect could be somewhat lower or higher than the expected effect, but it can be stated with 95% certainty that the effect is at positive. This means that also with Dharmapala and Hines's list of secrecy jurisdictions H0 and H1b is rejected, while H1a stands.

4.3 Implications of the results

The results of the analysis bring some questions come to mind: What does it mean that secrecy jurisdictions have high quality of governance? Why do they have high quality of governance? Which (if any) of the two analyses should be more trusted? When the results suggest that these jurisdictions are highly developed jurisdictions, what implications will this have on developing jurisdictions.

To answer the last first, none of the two should be completely trusted. Both Dharmapala and Hines's and TJN's selection of secrecy jurisdictions seem slightly arbitrary, because both of them base their selection on other selections; neither of them offers a good operational definition. TJN might offer the best possibility for an improvement here though. Their FSI could be

calculated for non-secrecy jurisdictions as well, which then would mean that a threshold could be set for who are secrecy jurisdictions and who are not. The resources necessary for such a project would probably be quite large, but it would also make further research a lot more reliable than what is now possible. One could see Dharmapala and Hines's list as an absolute minimum of secrecy jurisdictions, while the list provided by TJN can be seen as the maximum amount of cases regarded as secrecy jurisdictions; one can argue that the actual amount of secrecy jurisdictions lies somewhere between Dharmapala and Hines's 39 jurisdictions and TJN's 72 jurisdictions, and state quite surely state that secrecy jurisdictions are well-governed. Exactly how strong the correlation is might be hard to tell, but it is interesting that it is much stronger with more secrecy jurisdictions (TJN's list) in the analysis. Also essential to point out is that not all well-governed jurisdictions are secrecy jurisdictions; the highest scoring country on the WGI index, for instance, is a non-secrecy jurisdiction. The correct interpretation of the results will thus be that secrecy jurisdictions generally are well-governed. Furthermore, some outliers with secrecy jurisdiction status and low WGI score were found in the analysis. Neither of these was of British origin, which could have been an alternative explanation.

It may seem counterintuitive that secrecy jurisdictions are well-governed, because taxation is often regarded as an important founding of well-functioning states (Dharmapala and Hines 2007: ??). [MORE ON THIS]

Why are these jurisdictions generally well-governed? Little help is offered by Dharmapala and Hines to answer this question, and it needs to be further researched on; in-depth case studies on the anatomy of secrecy jurisdictions would be a major leap forward in our understanding of the subject. However, one could, for example, imagine that the reason for the high quality of governance is that less well-governed jurisdictions never could have managed to

5. Conclusion

This study has shown that secrecy jurisdictions with much certainty can be said to be well governed. A more surprising discovery is that British origin also has strong correlation with secrecy jurisdiction status, which means that the influence Britain have and is practicing over these jurisdictions could make an interesting extension to this study.

How strong the correlation between governance and secrecy jurisdiction status is can not be answered without some uncertainty though, due to the fuzziness regarding the terminology. It

is evident that this will need to be straightened out before the study of secrecy jurisdiction can get more explanatory power. Good descriptions are the basis for good classifications, and good classifications are the basis of good hypothesis-testing (Landman ??). Here the researchers of both political science and economics have skipped the second and focused more on the third than the first. There is a possibility for improvement despite the lack of ability to define secrecy jurisdictions. TJN's FSI might offer the road to salvation here: If secrecy scores for non-secrecy jurisdictions were also provided, it could give an opportunity to set a threshold for how much secrecy a jurisdiction must have to be a secrecy jurisdiction. Also, case studies of each jurisdiction and how they function as a secrecy jurisdiction might be a good start for a classification of secrecy jurisdictions.

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Appendix

- Syntax

Samspill = statistical interaction; Spredningsmål = statistical dispersion; Sentraltendens = central tendency

Tables:

Variable description

Variable name	Variable description	Values/Scale	Valid N
tjn_sj	Is the jurisdiction a secrecy jurisdiction (According to the TJN)?	0 = No 1 = Yes	150 72
dnh_sj	Is the jurisdiction a secrecy jurisdiction (According to Dharmapala and Hines)?	0 = No 1 = Yes	183 39
wgi_index (will be referred to as WGI index)	Mean of five Worldwide Governance Indicators.	Scale variable with range from approximately -2.5 (worse governance) to 2.5 (better governance).	215
gdppc_t	GDP per capita (thousands) in purchasing-power-parity-adjusted US$.	Scale variable with an actual range from 0,23 to 114,51.	217
wdi_area	Jurisdiction area in square kilometers.	Scale variable with an actual range from 2,00 to 17098240,00.	218
col_dum (will be referred to as *British origin*, though this is a bit misleading)	Is the jurisdiction a former or present British colony, dependency or protectorate (settler colonies excluded)?	0 = No 1= Yes	155 62

Descriptive statistics – Secrecy jurisdictions

	Secrecy jurisdictions					Non-secrecy jurisdictions				
	Mean	Median	Min.	Max.	N	Mean	Median	Min.	Max.	N
WGI index	,77	,91	-,77	1,84	66	-,34	-,42	-2,28	1,86	149
GDP per capita	28,17	22,32	,37	114,51	71	9,38	3,63	,23	98,10	146
Area (sq. km)	387635,6	2840,0	2,0	9984670,0	71	740311,2	199951,0	26,0	17098240,0	147
British origin	0,47	,00	,00	1,00	72	0,23	,00	,00	1,00	150

Descriptive statistics – Tax havens

	Tax havens					Non-havens				
	Mean	Median	Min.	Max.	N	Mean	Median	Min.	Max.	N
WGI index	,74	,97	-,77	1,72	34	-,14	-,30	-2,28	1,86	181
GDP per capita	29,44	17,33	,37	114,51	38	12,57	4,97	,23	98,10	179
Area (sq. km)	12319,5	455,0	2,0	111370,0	38	754887,4	169915,0	21,0	17098240,0	180
British origin	,64	1,00	,00	1,00	39	,24	,00	,00	1,00	183

Log-likelihood with sj_dum as dependent variable

	-2LL	Change in –2LL	Df.	R^2_{HL}	Sig.
Block 0	259,826				
Block 1	174,172	85,690	4	33,0%	,000

Block 1 estimates – TJN

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)

							Lower	Upper
WGI index	1,848	,350	27,881	1	,000	6,349	3,197	12,608
GDP per capita	-,001	,012	,007	1	,933	,999	,976	1,022
Area (sq. km)	,000	,000	,737	1	,391	1,000	1,000	1,000
British origin	1,201	,405	8,773	1	,003	3,323	1,501	7,357
Constant	-1,573	,320	24,095	1	,000	,207		

Log-likelihood with th_dum as dependent variable

	-2LL	Change in –2LL	Df.	R^2_{HL}	Sig.
Block 0	182,658				
Block 1	103,661	78,997	4	43,2%	,000

Block 1 estimates – Dharmapala and Hines

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)	
							Lower	Upper
WGI index	.879	.446	3.892	1	.049	2.410	1.006	5.773
GDP per capita	.015	.013	1.298	1	.255	1.015	.990	1.040
Area (sq. km)	.000	.000	6.265	1	.012	1.000	1.000	1.000
British origin	1.324	.518	6.539	1	.011	3.759	1.362	10.371
Constant	-1.712	.512	11.166	1	.001	.181		

Table – Secrecy jurisdictions according to TJN and D&H

	TJN	D&H		TJN	D&H		TJN	D&H
ANDORRA	1	1	GRENADA	1	1	MAURITIUS	1	0
ANGUILLA	1	1	GUATEMALA	1	0	MONACO	1	1
ANTIGUA & BAR.	1	1	GUERNSEY	1	0	MONTSERRAT	1	1
ARUBA	1	0	HONG KONG	1	1	NAURU	1	0
AUSTRIA	1	0	HUNGARY	1	0	NETHERLANDS	1	0
BAHAMAS	1	1	INDIA	1	0	NETH. ANTILLES	1	1

BAHRAIN	1	1	IRELAND	1	1	PANAMA	1	1
BARBADOS	1	1	ISLE OF MAN	1	1	PHILIPPINES	1	0
BELGIUM	1	0	ISRAEL	1	0	PORTUGAL	1	0
BELIZE	1	1	ITALY	1	0	SAMOA	1	0
BERMUDA	1	1	JAPAN	1	0	SAN MARINO	1	0
BOTSWANA	1	0	JERSEY	1	1	SEYCHELLES	1	0
BRIT. VIR. ISL.	1	1	JORDAN	0	1	SINGAPORE	1	1
BRUNEI	1	0	KOREA, REP.	1	0	SPAIN	1	0
CANADA	1	0	LATVIA	1	0	ST. KITTS & NEVIS	1	1
CAYMAN ISLANDS	1	1	LEBANON	1	1	ST. LUCIA	1	1
COOK ISLANDS	1	1	LIBERIA	1	1	ST. VINCENT	1	1
COSTA RICA	1	0	LIECHTENSTEIN	1	1	SWITZERLAND	1	1
CYPRUS	1	1	LUXEMBOURG	1	1	TURKS & CAICOS	1	1
DENMARK	1	0	MACAO	1	1	UAE	1	0
DOMINICA	1	1	MALAYSIA	1	0	UNITED KINGDOM	1	0
FRANCE	1	0	MALDIVES	1	1	USA	1	0
GERMANY	1	0	MALTA	1	1	URUGUAY	1	0
GHANA	1	0	MARSHALL ISLANDS	1	1	VANUATU	1	1
GIBRALTAR	1	1				TOTAL	72	39

From The Social Network

1868

01:34:03,821 --> 01:34:07,346

We took a look at everything and congratulations

1869

01:34:07,347 --> 01:34:11,112

We’re going to start you off with a 500 thousand dollar investment

1870

01:34:11,113 --> 01:34:14,330

Maurice is going to talk to you about some corporate restructuring

1871

01:34:15,144 --> 01:34:16,989
We’ll file as a corporation in DELAWARE

1872
01:34:16,990 --> 01:34:19,165
We've come up with a sound structure that will allow us to invest