

Title:

Thinking of using Anjouan as an offshore financial center?

Word Count:

845

Summary:

The Island is in the Straits of Mozambique. It is part of the Comoros Island geographically but in 1997 Anjouan broke away from the Comoros Islands and declared independence.

Keywords:

asset protection, offshore banking, offshore bank account

Article Body:

Anjouan - This is a little island country located off the coast of Tanzania which is Africa. The Island is in the Straits of Mozambique. It is part of the Comoros Island geographically but in 1997 Anjouan broke away from the Comoros Islands and declared independence. Since the Comoros Islands independence from France in 1975 there have been 19 coups or attempts in the Comoros Islands. In 2002 they held elections and each of the 19 Comoros Islands has its own President. The country is 12 times the size of Washington, D.C. Their population is about 750,000. 98% of the people are Sunni Muslim. Alcohol is forbidden. Mosques are plentiful. They have four airports, five Internet providers. This is one of the poorest countries in the world.

Anjouan Corporations - They seem to have bearer share corporations. Their prices are very high when you get finished with resident agent, nominees, etc. It is unclear as to where they stand on cooperation. It is going to be extremely hard if not impossible to open a bank account with such a corporation. For one the banks will not know how to do the due diligence on the corporation.

Secondly this is not a recognized offshore jurisdiction, which will scare the bank.

Thirdly it would be most difficult if not impossible to execute a real estate transaction using such a corporation for reasons of due diligence and the general unfamiliarity with Anjouan as an offshore jurisdiction.

Anjouan Banking Licenses - No doubt Anjouan will sell you or anyone else with the requisite funds a banking license. Trying to operate an international bank

with this license would be extremely difficult if not impossible in our opinion, we lean towards impossible. How are you going to get correspondent banks in the EU for Euro transactions, in the USA for USD transactions etc? FATF regulations call for the bank to have a brick and mortar presence. This means the bank needs to have offices with tellers, employees, guards, vault etc. It is doubtful that you would set up such an operation in Anjouan even if they even let you do so.

Next what bank is going to act as your correspondent and what would they charge you if they even accepted you? Correspondent fees can easily be \$200,000 for the annual fee plus a percentage of the transactions, wire fees, etc. A correspondent bank can lose its banking license for allowing you to commit violations. So after a large expenditure of money you will have a banking license that you can probably do nothing practical with.

But consider what would happen if you actually got going and had \$25,000,000 in deposits and the Anjouan government banking commissioner conducted an audit and found violations of their banking laws and practices, inconsistencies, loans they were not comfortable with, deposits where they did not like the due diligence and source of funds documentation, etc. Why they might have no choice other than to put your bank into receivership, appointing an accountant or lawyer on the island to liquidate the banks assets. This means close your bank, seize the assets, possibly investigate the source of funds, maybe charge you, and so forth. The legal fees might run into many millions of dollars. The depositors would do well if they got any money back.

One liquidation in Latvia a few years back netted the depositors 2% of their deposits. Bank liquidations in Grenada more recently got even less than 2% of their money back and in some cases the bank that was closed by Grenada had several hundred millions of dollars. If you did not know this Grenada shut down all of its offshore banks except for one in 2003. Your former depositors will get all sorts of international orders calling for all sorts of things to happen to you and your assets. Life might not be pleasant for the next five or ten years and there is no one to run to for help since this would be considered an Anjouan affair.

Anjouan Gaming and Insurance Licenses Are Also Available - See above.

Conclusion - Getting a bank or an insurance license is not so easy. If it were many would do it. Before you believe any of these obscure jurisdiction banks are real have them send you a wire for \$50.00. First send them the wire. Make sure you understand wiring instructions. Do not be confused between having a regular bank account at a bank and a correspondent banking relationship. Trying to operate a bank through a regular bank account will be over in a few days or

weeks at most and then the account will be closed and you may have trouble with the return of funds for pulling a move like this on a bank. The correspondent banks will surely complain and that will be the beginning of the end.

Over the years numerous jurisdictions have popped up selling all sorts of licenses, corporations etc. None of them survive. The real offshore jurisdictions are extremely tight regarding the issuance of banking licenses. Belize, BVI, Dominican Republic together have not issued any banking licenses in the last five years. Caveat Emptor.