

KEY FINANCIAL SECRECY INDICATORS

Key Financial Secrecy Indicator 15: Harmful Structures

What is being measured?

This indicator assesses the availability of four harmful instruments and structures within the legal and regulatory framework of a jurisdiction:

1. Regarding Large Banknotes (or high denomination cash bills): it assesses whether a jurisdiction issues or accepts the circulation of large banknotes of its own currency (of value greater than 200 EUR/GBP/USD);
2. Regarding Bearer Shares: it assesses whether companies are available with unregistered bearer shares. Either bearer shares¹ should not be available in the jurisdiction or, if available, there should be mechanisms to ensure that all existing bearer shares are² immobilised or registered with a government authority (including a country's Central Securities Depository, if properly regulated);
3. Regarding "Series limited liability companies" (Series LLCs) and/or "protected cell companies" (PCC): it assesses whether a jurisdiction allows the creation of Series LLCs and/or PCCs in its territory. The latter is also known as an "incorporated cell company" or "segregated account company";
4. Regarding trusts with flee clauses: it assesses whether a jurisdiction prohibits the administration of (foreign or domestic law) trusts with flee clauses for any trustee within its territory.

Accordingly, we have split this indicator into four components. The overall secrecy score for this indicator is calculated by simple addition of the secrecy scores of each of these components. The secrecy scoring matrix is shown in Table 15.1, with full details of the assessment logic given in Table 15.3 below.

The main sources for this information are the Global Forum peer reviews³ and private internet websites such as www.offshoreinvestment.com, www.ocra.com and www.lowtax.net, or directly searching the specific features by name on the internet for their availability or advertisement. Some of the aforementioned sources display the availability of Series LLCs

and/or protected cell companies either in a tabular or textual format. They have also helped us determine whether trusts with flee clauses are prohibited. In some cases, the TJN-Survey 2019 provided useful information. Main sources for the issuance and circulation of large cash bills were studies by the [Financial Action Task Force](#) and the [European Police Office's Financial Intelligence Group](#), as well as [Peter Sands'](#) (Harvard Kennedy School) case for their elimination. We have also referred to local regulators' and central banks' websites.

Table 15.1: Secrecy Scoring Matrix KFSI 15

Regulation	Secrecy Score Assessment [Secrecy Score: 100 = full secrecy; 0 = full transparency]
COMPONENT 1: LARGE BANK NOTES (25 points)	
<u>Large banknotes are accepted as legal tender and/or issued</u> Own currency banknote of value greater than 200 EUR/GBP/USD.	25
<u>Large banknotes neither accepted as legal tender nor issued</u> No own currency banknote with a value of, or greater than, 200 EUR/GBP/USD.	0
COMPONENT 2: BEARER SHARES (25 points)	
<u>Bearer shares available</u> Companies with unregistered bearer shares are available.	25
<u>Bearer shares not available</u> Bearer share companies are not available, or all bearer shares are registered with a public authority.	0
COMPONENT 3: SERIES LLCs/PCCs (25 points)	
<u>Series LLCs or PCCs are available</u> Domestic legislation provides for the creation of Series Limited Liability Companies or of Protected Cell Companies.	25
<u>Neither Series LLCs nor PCCs are available</u> Domestic legislation does not provide for the creation of Series Limited Liability Companies nor of Protected Cell Companies.	0

COMPONENT 4: TRUSTS WITH FLEE CLAUSE (25 points)	
<p><u>Administration of trusts with flee clauses is not effectively prevented</u></p> <p>Domestic and/or Foreign Law trusts administered by domestic trustees can include flee clauses in their deeds.</p>	25
<p><u>Trusts with flee clauses cannot be administered or created</u></p> <p>Domestic and Foreign Law trusts administered by domestic trustees are prevented from including flee clauses in their deeds.</p>	0

All underlying data can be accessed freely in the [Financial Secrecy Index database](#) . To see the sources we are using for particular jurisdictions please consult the assessment logic in Table 15.3 at the end of this document and search for the corresponding info IDs (**IDs 172, 184, 224 and 488**) in the database report of the respective jurisdiction.

Why is this important?

Component 1: Large Banknotes

Cash is anonymous, does not leave an audit trail and is universally accepted, which is why it is often used in illicit activities. Cash is almost always used by criminals at some stage in the money laundering process.⁴ The Financial Action Task Force’s 2015 study of over 60 jurisdictions on money laundering through the transportation of cash shows that “criminally derived cash physically transported across international borders originates from an extremely wide range of predicate offences”, including drug and human trafficking, terrorism, corruption, and tax fraud [\(page 30\)](#).⁵

In many instances, where concealment is necessary for smuggling, large cash bills or high denomination banknotes are used because they are easier to hide than mixed or lower denomination notes, making it harder for law enforcement authorities to intercept. The existence of large banknotes enables the transportation of higher values of currency at one time, but also increases the size of loss if discovered. The EUR 500, also known as the ‘bin Laden’ after the former Al Qaeda leader Osama bin Laden and the second largest note in circulation in Europe after the CHF 1,000, is particularly popular for illicit activity for its ease in concealment. [For example](#), EUR 20,000 in EUR 500 notes can be hidden in one cigarette packet and an adult male cash courier – or ‘mule’ – can stuff and swallow

EUR 150,000 using these large banknotes.⁶ The EUR 500 also takes up far less space than the largest US dollar note, the USD 100. A 2016 [Harvard University study](#) showed that carrying USD 1 million in new 100 dollar bills weighs 10 kilograms and would fill most of a 15-litre briefcase, while carrying the same amount in EUR 500 would weigh just 2.2 kilograms and could be carried in a small bag.⁷

Large banknotes are used infrequently in the legitimate cash economy. Most consumers do not make payments with these high denomination notes, preferring electronic payment options for high value purchases and transactions. The European Police's (EUROPOL) Financial Intelligence Group [queried](#) the purpose of the EUR 500 because it is not commonly used for payments but accounted for one-third of EUR notes in circulation; some of which could be hoarded, but even if only a small amount is used in criminal activity and money laundering, it is still substantial in absolute terms.⁸ Many businesses do not accept these large notes due to security and fraud risks. Rather, as the denomination and value of cash increases, the balance of benefits with risks and costs deteriorates.⁹ Various studies and anecdotes reveal the extent to which large banknotes are used for criminal purposes.

For example, the United Kingdom's Serious and Organised Crime Agency carried out an 8-month [assessment](#) on the use of the EUR 500 banknote, revealing that 90% of the demand for it within the UK was [from criminals](#).¹⁰ As a result, the EUR 500 was voluntarily withdrawn from circulation by the private sector.¹¹ Other European countries have also had similar experiences with this large note. The biggest ever cash seizure in Portugal was made following investigations into suspected money laundering organized by an Angolan General and it amounted to EUR 8 million, almost all denominated in EUR 500 notes.¹² EUROPOL even reports that certain law enforcement agencies have observed that the 'EUR 500 notes trade hands at above their face value in the criminal environment, so important is their role in cash transportation for money laundering' ([page 20](#)).¹³

Following concerns over the illicit use of the EUR 500 banknote, the European Central Bank announced in May 2016 that it would discontinue production of the EUR 500. However, it remains legal tender and retains value,¹⁴ and the UK's [National Crime Agency](#)¹⁵ suggests that EUR 200 and EUR 100 notes are likely to be increasingly used in criminal activity. Similarly, Canada discontinued its CAD 1,000 banknote in 2000, but the notes remain in circulation¹⁶, and the largest banknote in the world, the Singapore Dollar 10,000 (approx. USD 7,400), was discontinued in 2014, but remains legal tender indefinitely, and Brunei continues to issue its BND 10,000 which is worth the same and can be used in Singapore.¹⁷

Singapore chose to discontinue the issuance of the SGD 10,000 to mitigate money laundering risks, especially associated with its popular gambling industry.¹⁸

Cash, and therefore large banknotes, can also help facilitate tax evasion through enabling the hoarding of cash outside the banking system and the payment for transactions without a paper trail. To tackle tax evasion and counterfeit money, the Indian government withdrew its two largest notes from circulation INR 1,000 and INR 500 (equivalent to just over USD 15 and 7, respectively) at the end of 2016 as part of a demonetization and remonetization process, requiring people to swap this money at banks and post offices for legal tender.¹⁹

As Sands points out, the impact of ending the issuance of large denomination notes on money laundering is limited as long as large banknotes issued by different jurisdictions remain legal tender and in circulation.²⁰ Therefore, in particular the elimination of the highest banknotes with values above 200 EUR/GBP/USD would curtail the secrecy in financial transactions that enables illicit financial flows. Those currencies and the corresponding banknotes are, in order of diminishing value: BND 1,000, SGD 1,000, CHF 1,000, CAD 1,000, EUR 500, ANG 500 and AED 1,000. Ending their circulation by ending the status of legal tender of those banknotes would not negatively affect licit uses of cash, but increase the cost and risk of detection of criminal cash transactions.

Component 2: Bearer Shares

The Financial Action Task Force defines bearer shares as referring to “negotiable instruments that accord ownership in a legal person to the person who possesses the bearer share certificate”.²¹

Ordinarily, joint stock companies issue registered shares. On a registered share certificate, the name of the shareholder is spelled out. In addition, the identities and names of the shareholders are recorded at registers held by the company, and are often reported to public registries run by the government. This ensures in principle that ownership of the company can be verified by third parties at any time.

In contrast, on bearer shares, the names of the shareholders are not written, nor is a record kept at company level or elsewhere about the identities of the shareholders. Instead, any person who literally holds the share certificates in his or her hands, is for legal purposes the owner of the share and of the company (if all shares are held). They are used to

preserve anonymity on the part of owners because they are effectively untraceable.

In their landmark joint report on grand corruption "[The Puppet Masters](#)", the World Bank and UNODC argue that investigators found bearer shares "[...] to be one of the most challenging obstacles to overcome"²². In the same report, a case is described in detail on how bearer shares have been abused:

The Case of Former President Frederick Chiluba (Zambia): Iqbal Meer, a London-based solicitor, was among the defendants in a private civil asset recovery action brought by the Zambian attorney general in the U.K. High Court against his law firm and others for their role in assisting President Frederick Chiluba and his director general of the Zambian Security and Intelligence Services (ZSIS), X. F. Chungu, to funnel funds stolen from the Zambian government. In his judgment delivered on May 4, 2007, Mr. Justice Peter Smith held that Meer had incorporated a British Virgin Islands International Business Company, Harptree Holdings Ltd., with the company's bearer shares held in trust by a nominee at Bachmann Trust Company Ltd. Harptree Holdings had been formed to purchase real estate in Belgium—a block of flats and an apartment hotel—to pay off one of the co-conspirators in the case, Faustin Kabwe, who was identified in the court's judgment as a close friend and financial adviser to Chiluba and Chungu. This involved the transfer of funds from Zambia's ministry of finance to an account in London (referred to as the Zamtrop account) and from that account to a Zambian financial services company, in which Kabwe was one of the main controlling officers. Suspicions of Meer's involvement in this Zamtrop conspiracy (as it later became known) resulted in the U.K. Office for the Supervision of Solicitors paying Meer a visit in April 2003. They asked him specifically about the ownership of Harptree. He responded, "I have no idea whether Kabwe is holding the bearer shares in his hands or whether somebody else is holding [the] bearer shares"—demonstrating clearly how a bearer-share construction can allow someone to easily and accurately deny knowledge of ownership of a legal entity.

Mr. Justice Smith concluded: In my view it is obvious. The (. . .) purchase was FK's [Faustin Kabwe's] payoff for his role in the conspiracy. IM [Iqbal Meer], whilst he did not know the overarching conspiracy details, took instructions from FK on behalf of Harptree, because he believed it belonged to him beneficially. Yet he knew that the purchase was funded by

government monies via the Zamtrop account but did not question FK's entitlement to them. That failure (even if his case that it was a ZSIS purchase is to be believed) and the failure to record that matter in any document are actions again which an honest solicitor would not do. Such a large purchase of a block of flats and an apartment hotel cannot conceivably have been regarded as a purchase for ZSIS operations. Equally, the labyrinthine routing of the ownership of the properties—via a BVI holding company with nominee directors and bearer shares and a Luxembourg company interposed— shows that the whole operation was to hide things.²³

Because of the international consensus about the enormous risks associated with bearer shares (e.g. among FATF, UNODC, World Bank), many jurisdictions have legislated for ending the issuance of bearer shares in the future. Following recommendation 24 by the FATF,²⁴ some jurisdictions have added a requirement to convert existing bearer shares into registered shares, or to immobilise and/or register existing bearer shares with a custodian or public registry. However, these policies have not always been successful. Whilst some countries might require by law that bearer shares are converted into registered shares, a deadline might not have been set. Or other countries require the shares to be registered only by some company service provider or professional, without reporting the shareholders and beneficial owners to a registry. In this case, the risk and incentives for manipulation (such as backdating changes) of the ownership remain far higher than with publicly registered shares.

Component 3: Series LLCs/PCCs

Protected Cell Companies are a rare type of corporate entity found almost exclusively in secrecy jurisdictions. Essentially a PCC is a legal entity that contains within itself, but not legally distinct from it, a number of cells which behave as if they are companies in their own right, but are not. Every cell has its own share capital, assets and liabilities and the income and costs of each cell may be kept separate. Moreover, each cell is assigned its own share of the overall company share capital so that each owner can be the sole owner of one cell but owns only a percentage of the overall PCC.

Series LLCs serve similar purposes as PCCs and have originated in [Delaware](#),²⁵ but are now available in other US [states](#).²⁶ They are frequently used by hedge funds, venture capital funds and real estate investors.²⁷ Series LLCs are a cheap way for producing hundreds of companies within an umbrella company. Depending on the state law, each of those series/cells needs to [prepare a separate annual account](#), but

needs to file only one tax return.²⁸ The cost for setting up 100 companies therefore could be [as low as 5700 USD](#).²⁹

PCCs originated in Guernsey in 1997 with the intention of providing a cost-saving mechanism for the reinsurance sector where many deals look much like one another, and where assets and liabilities need to be ring fenced to prevent inappropriate exposure to claims. We are also aware that PCCs are now readily available in locations such as the Seychelles and that they may now be used for other, illicit, purposes rather than that for which they were originally created. The proliferation of investment funds, including of hedge and private equity funds, appears to be supported by the availability of PCCs³⁰, thus exacerbating the risks stemming from the hypercomplex investment fund industry.³¹ The level of asset protection and ambiguity of ownership and control that a PCC provides might allow illicit financial flows to escape the attention of law enforcement authorities. We therefore question whether the potential benefits these structures might allow to the reinsurance sector justify the broader risks and costs they impose on society at large.

The structure of PCCs has been compared to a house with a lock at the entrance and many rooms inside, each room locked separately with its own key, but also with an escape tunnel only accessible from inside the room. If an investigator seeks to find out what is going on in one room inside the house, she first needs to unlock the main outer door. But imagine that by opening that first door everybody inside the building is alerted to the fact that someone has entered the house. Anybody seeking to flee the investigator will be given enough time to do so thanks to the second lock at the individual room door. While the investigator tries to unlock the second door (by filing a costly and time-consuming information request), the occupant of that particular room has plenty of time to erase evidence and escape through the secret tunnel. This colourful metaphor neatly illustrates how a PCC might work in practice.

It is uncertain how current mutual legal assistance agreements will apply to PCCs, and if regulators and law enforcement agencies are able to obtain all necessary information across borders from PCCs. There are vast possibilities for using PCCs for misleading the public, financial institutions and their customer due diligence processes, investors, tax authorities, financial regulators and law enforcement agencies. For example, individuals can use PCCs to conceal their ownership of assets and their identities by hiding their full control and ownership over one cell within the “wrapper” behind the artificial shell in which these individuals only appear to be invested in a minority investment position.

Component 4: Trusts with Flee Clause

Some [trusts](#)³² contain a flee clause (or flight clause) in their trust deeds or agreements obliging the trustee to change the trust address, its governing law, or the trustee itself under certain circumstances. Flight is commonly triggered as soon as the trust becomes subject to, say, an investigation by a foreign authority, or a change of laws that could affect the trust, like a new tax. This clause is incredibly simple yet hard to detect. It only requires the trustee to state on a piece of paper that the trust is now governed by X jurisdiction's laws, or that the trustee is now Y person, and – voilà – the trust has relocated to a jurisdiction thousands of kilometres away, with no registration or external approval.³³

Flee clauses allow trusts to remain under the radar. A settlor may choose the law of a supposedly “respectable” jurisdiction (like New Zealand) that would not tend to raise suspicion by any authority. Flee clauses typically relocate the trust so that it is governed under the laws of a debtor-protecting jurisdiction, such as the Cook Islands or Belize. This mechanism allows the settlor or beneficiary to remain one step ahead of law enforcement authorities or private investigators and therefore boosts secrecy to users of trusts.

Trust flee clauses are particularly obstructive of law enforcement. There are few situations in which flee clauses cannot be deployed for some kind of evasion of the consequences of illegal actions. The marketing and use of trusts as “asset protection” facilities including flee clauses often advertise the advantages in terms of “shielding” corporate assets from creditors, fleeing bankruptcy orders, spouses or inheritance provisions of the resident state of the settlor and/or beneficiary.

All underlying data can be accessed freely in the [Financial Secrecy Index database](#) (IDs 172, 184, 224 and 488).

Results Overview

Figure 15.1: Harmful Structures -Overview of Secrecy Scores

CO	GM	LB	NR	RU	VE	BH	CN	GD	ID	KE	LV	PL	SV	US	AI	DE	MT	VU
CM	GH	KZ	NO	RO	UY	BE	CK	GB	HR	JP	LT	PA	SM	UA	AG	CZ	MH	VG
CL	EG	KW	NG	PY	TT	BD	CA	FR	HK	JE	LR	MU	SK	TZ	AE	CW	LU	VC
BW	EC	JO	MX	PK	TN	BB	BZ	EE	GT	IT	LK	MS	SI	TW	ZA	CH	LI	SG
BG	DO	IS	MV	PH	SE	AW	BR	DZ	GR	IM	LC	ME	SC	TR	WS	BS	KN	PT
AU	DK	IN	MO	PE	SA	AO	BO	DM	GI	IL	KY	MC	QA	TH	VN	BN	FI	NL
AR	CR	HU	MK	NZ	RW	AD	BM	CY	GG	IE	KR	MA	PR	TC	VI	AT	ES	MY

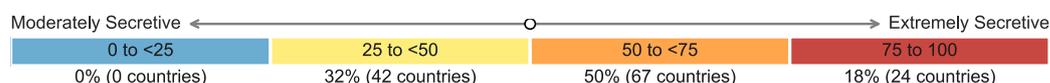


Figure 15.1: Large Bank Notes

BD	CH	CY	EC	GH	IE	KE	LT	MS	NZ	PY	SK	TW	AE	BS	IM	MH	SG	WS
AW	CA	CR	DZ	GD	ID	JP	LR	MO	NR	PT	SI	TT	ZA	BN	HK	LU	SC	VU
AU	BW	CO	DO	FR	HU	JO	LK	MK	NO	PL	SE	TR	VN	BM	GI	LI	QA	VI
AT	BR	CN	DM	FI	HR	IT	LB	ME	NL	PK	SA	TN	VE	BH	GG	LC	PR	VG
AR	BO	CM	DK	ES	GT	IS	KZ	MC	NG	PH	RW	TH	UY	BB	GB	KY	MY	VC
AO	BG	CL	DE	EG	GR	IN	KW	MA	MX	PE	RU	SV	UA	AI	CW	KN	MU	US
AD	BE	CK	CZ	EE	GM	IL	KR	LV	MV	PA	RO	SM	TZ	AG	BZ	JE	MT	TC



Figure 15.2: Bearer Shares

BH	CO	GH	IN	KZ	MV	PH	RW	US	DK	MT	HR	AT	CK	FI	KR	MY	TR	ZA
BG	CL	GG	IM	KY	MU	PE	RU	TN	CY	MO	DZ	AO	CH	ES	KN	MS	TH	VN
BE	CA	GB	IE	KW	MK	NZ	RO	TC	CM	LV	UY	AI	BS	DM	KE	MH	SV	VG
BB	BZ	EE	HU	JO	ME	NR	QA	SM	AE	LB	TT	AG	BR	DE	JP	MA	PT	VC
AU	BW	EC	HK	JE	MC	NO	PY	SE	WS	GR	SK	VU	BO	CZ	IL	LU	PL	UA
AR	BN	DO	GM	IT	LT	NG	PR	SC	VI	FR	SI	LK	BD	CW	GT	LR	PA	TZ
AD	BM	CR	GI	IS	LC	MX	PK	SA	VE	EG	SG	ID	AW	CN	GD	LI	NL	TW

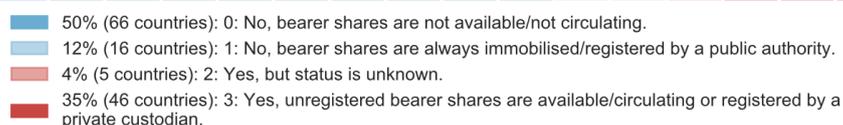


Figure 15.3: Series LLCs/PCCs

BB	BS	CO	EC	GM	IM	KN	LK	MU	NZ	PY	SE	TW	VG	AE	CZ	IE	ME	SM
AW	BR	CN	DZ	GI	IL	KE	LC	MS	NR	PR	SC	TT	VE	AD	CY	GR	MC	SK
AU	BO	CM	DO	GH	ID	JP	LB	MO	NO	PL	SA	TR	VC	ZA	CH	FR	LV	SI
AR	BM	CL	DM	GG	HU	JO	KZ	MK	NG	PK	RW	TN	UY	WS	CA	FI	LU	SG
AO	BH	CK	DK	GD	HR	JE	KY	MH	MY	PH	RU	TH	US	VU	BN	ES	LT	PT
AI	BG	BZ	CW	GB	HK	IS	KW	MA	MX	PE	RO	TC	UA	VN	BE	EE	LI	NL
AG	BD	BW	CR	EG	GT	IN	KR	LR	MV	PA	QA	SV	TZ	VI	AT	DE	IT	MT

■ 77% (103 countries): 0: No
 ■ 23% (30 countries): 1: Yes

Figure 15.4: Prohibition of Trusts with Flee Clause

AT	BH	BZ	CO	DM	FI	GM	IE	JO	KZ	LU	MO	NG	PH	RO	SI	TR	VC	ZA
AR	BG	BW	CN	DK	ES	GI	ID	JE	KY	LT	MK	MY	PE	QA	SG	TN	UY	WS
AO	BE	BS	CM	DE	EG	GH	HU	IT	KW	LR	MH	MX	PA	PY	SE	TH	US	VU
AI	BD	BR	CL	CZ	EE	GG	HR	IS	KR	LK	ME	MV	NZ	PT	SC	TC	UA	VN
AG	BB	BO	CK	CY	EC	GD	HK	IN	KN	LI	MC	MU	NR	PR	SA	SV	TZ	VI
AE	AW	BN	CH	CW	DZ	GB	GT	IM	KE	LC	MA	MT	NO	PL	RW	SM	TW	VG
AD	AU	BM	CA	CR	DO	FR	GR	IL	JP	LB	LV	MS	NL	PK	RU	SK	TT	VE

■ 100% (133 countries): 0: No

KFSI 15: HARMFUL STRUCTURES

Table 15.2: Harmful Structures Secrecy Scores

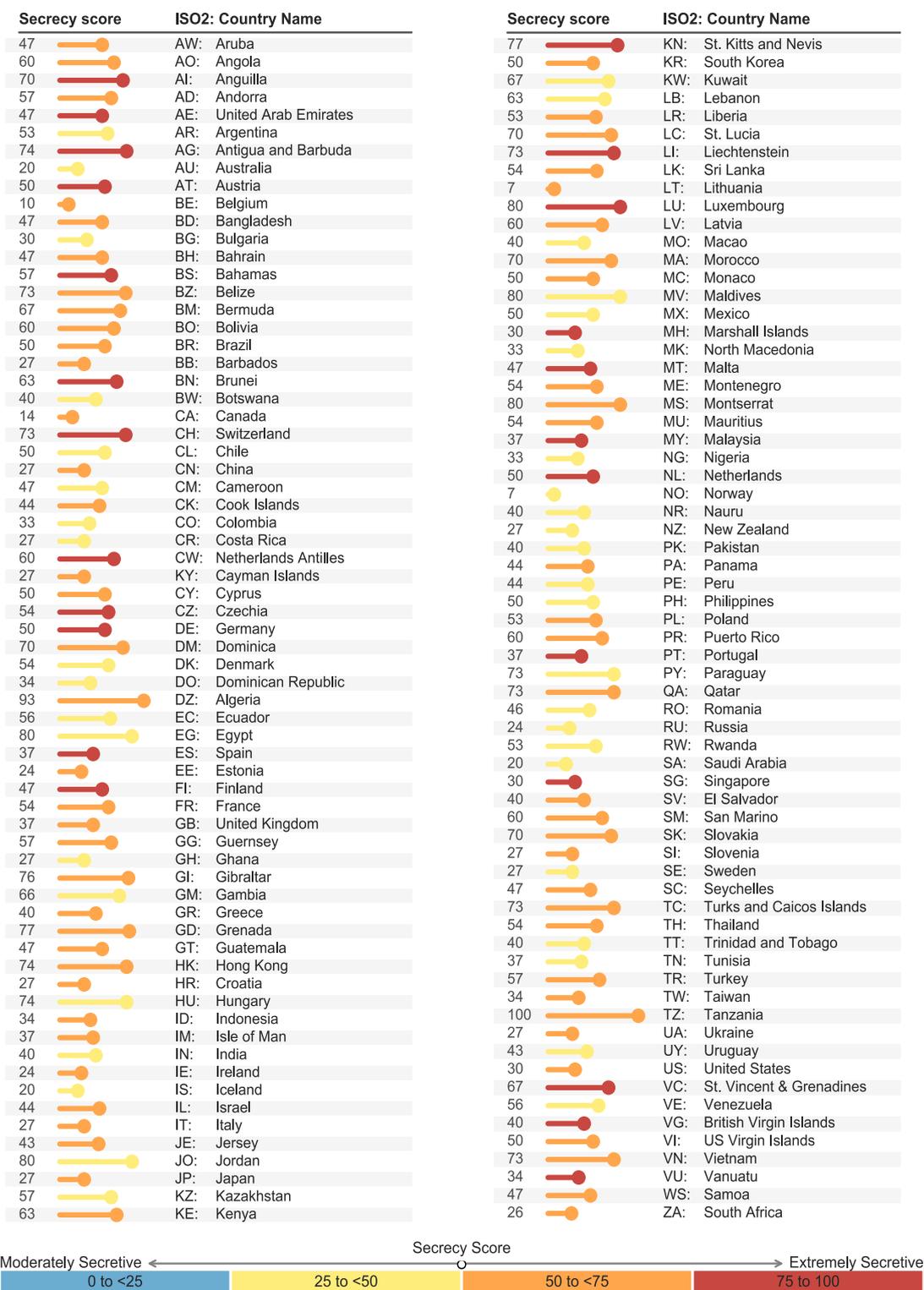


Table 15.3: Assessment Logic

Info_ID	Text_Info_ID	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
488	Does the jurisdiction issue or accept circulation of large banknotes/cash bills of its own currency (of value greater than 200 EUR/GBP/USD)?	YN	If answer N: 0 points; otherwise 25 points
172	Are bearer shares available?	0: No, bearer shares are not available/not circulating; 1: No, bearer shares are always immobilised/registered by a public authority; 2: Yes, but status is unknown; 3: Yes, unregistered bearer shares are available/circulating or registered by a private custodian.	If answer 0 or 1: 0%; otherwise 25%
184	Companies - Available Types: Protected Cell Companies/Series LLCs ?	YN	If answer N: 0%; otherwise 25%
224	Trusts - Are trusts with flee clauses prohibited?	YN	If answer Y: 0%; otherwise 25%

¹ Bearer shares are shares which are not registered, where the owner can be any person physically holding the share certificate and where the transferring of the ownership involves only delivering the physical certificate.

² We consider that the obligation to register bearer shares exists when legal provisions establish a timeframe for immobilization/registration of all existing bearer shares before the next publication of the FSI and where the consequence for non-compliance is the loss of those shares. Provisions where the only consequence of non-compliance is the loss of voting rights or rights to dividends are not considered to be sufficient because this would involve the mere suspensions of rights. In such case, the holders of bearer shares may still transfer those shares or avoid identification until they are intending to regain their rights. The same applies if there is no deadline to immobilise bearer shares, or where after the deadline holders of bearer shares are still allowed recover their shares or rights after applying to a court or disclosing their names to the company. This is

treated as an unacceptable suspension of rights, rather than the cancellation that this indicator requires.

³ The Global Forum peer reviews refer to the peer review reports and supplementary reports published by the Global Forum on Transparency and Exchange of Information for Tax Purposes. They can be viewed at: <http://www.eoi-tax.org/>; 21.07.2015.

⁴ European Police Office Financial Intelligence Group (EUROPOL) (2015), Why is cash still king?: A strategic report on the use of cash by criminal groups as facilitator for money laundering. <https://www.europol.europa.eu/sites/default/files/documents/europolcik%20%281%29.pdf> [Accessed 28 September 2017].

⁵ FATF and MENAFATF (2015), Money laundering through the physical transportation of ash: p.30, www.fatf-gafi.org/publications/methodsandtrends/documents/ml-through-physical-transportation-of-cash.html [Accessed 25 September 2017].

⁶ Holden, M. (13 May 2010), UK stops selling 500 euro notes over crime fears. *Reuters UK*. <http://uk.reuters.com/article/uk-britain-euro/uk-stops-selling-500-euro-notes-over-crime-fears-idUKTRE64C1JN20100513> [Accessed 2 October 2017].

⁷ Sands, P. (February 2016), Making it harder for the bad guys: The case for eliminating high denomination notes. M-RCBG Associate Working Paper Series No. 52. Mossavar-Rahmani Centre for Business and Government, Harvard Kennedy School: p.11, Figure 3. <https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/Eliminating%20BHDNfinalXYZ.pdf> [Accessed 25 September 2017].

⁸ EUROPOL (2015): p.7, 49. Op. cit.

⁹ Sands, P. (February 2016): p.12. Op. cit.

¹⁰ <http://news.bbc.co.uk/2/hi/8678979.stm>; 5.10.2017.

¹¹ Serious and Organised Crime Agency (2011), Annual report and accounts 2010/2011: p.15. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/247328/1241.pdf# [Accessed 28 September 2017].

¹² EUROPOL (2015): p.16. Op. cit.

¹³ EUROPOL (2015): p.20. Op. cit.

¹⁴ European Central Bank (4 May 2016), ECB ends production and issuance of €500 banknote. <https://www.ecb.europa.eu/press/pr/date/2016/html/pr160504.en.html> [Accessed 28 September 2017].

¹⁵ National Crime Agency (2017), National strategic assessment of serious and organised crime: p.24. <http://www.nationalcrimeagency.gov.uk/publications/807-national-strategic-assessment-of-serious-and-organised-crime-2017/file> [Accessed 2 October 2017].

¹⁶ Bank of Canada (8 May 2000), Bank of Canada to stop issuing \$1000 note. <http://www.bankofcanada.ca/2000/05/bank-canada-stop-issuing-1000-note/>; Humphreys, A. (15 November 2012), The hunt for Canada's \$1,00 bills: There are nearly a million left, most in the hands of criminal elites. <http://nationalpost.com/news/canada/the-hunt-for-canadas-1000-bills-there-are->

[nearly-a-million-left-most-in-the-hands-of-criminal-elites](#) [Accessed 28 September 2017]

¹⁷ Monetary Authority of Singapore (2017), Frequently Asked Questions: Currency notes and coins, ten thousand dollar note. http://www.ifaq.gov.sg/MAS/TOPICS/CURRENCY_NOTES_AND_COINS/Ten_Thousand_Dollar_Note/8456#FAQ_65788 [Accessed 28 September 2017].

¹⁸ Singapore to stop issuing \$10,000 banknote to prevent money laundering, (2 July 2014). *Reuters*. <https://www.reuters.com/article/singapore-regulations/singapore-to-stop-issuing-s10000-banknote-to-prevent-money-laundering-idUSL4N0PD2M120140702> [Accessed 2 October 2017].

¹⁹ Remonetisation process almost complete: Arun Jaitley, (16 February 2017). *Times of India*. <http://timesofindia.indiatimes.com/business/india-business/remonetisation-process-almost-complete-arun-jaitley/articleshow/57190069.cms> [Accessed 2 October 2017]. Midthanpally, Raja Shekhar 2017: Demonetisation and Remonetisation in India: State-Induced Chaos or Responsible Governance?, in: *South Asia Research* 37: 2, 213-227.

²⁰ Sands, P. (February 2016). Op. cit.

²¹ Page 113, in: Financial Action Task Force 2012: The FATF Recommendations. International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (Updated in October 2016), Paris, in: http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF_Recommendations.pdf; 31.8.2017.

²² Page 154, in: van der Does de Willebois, Emile/Halter, Emily M./Harrison, Robert A./Park, Ji Won/Sharman, J. C. 2011: The Puppet Masters. How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It (StAR - World Bank / UNODC), Washington, DC, in: <http://star.worldbank.org/star/sites/star/files/puppetmastersv1.pdf>; 22.7.2013.

²² Pages 88-89, in FATF 2012, op. cit.

²³ Pages 42-43, in: van der Does de Willebois et al., op. cit.

²⁴ Pages 88-89, in FATF 2012, op. cit.

²⁵ <http://www.delawarellc.com/learning/Series-LLC.htm>; 21.07.2015. See also <http://www.gerardfoxlaw.com/news/legal-perspectives/series-llcs-the-next-generation-of-passthrough-entities/>; 10.10.2017.

²⁶ <https://ct.wolterskluwer.com/resource-center/articles/series-llcs-wise-option-or-risky-strategy/>; 29.9.2017.

²⁷ Griffith, Cara 2015: Series LLCs: The Next Generation Of Passthrough Entities?, *Forbes*, in: <https://www.forbes.com/sites/taxanalysts/2015/02/16/series-llcs-the-next-generation-of-passthrough-entities/>; 10.10.2017.

²⁸ <https://www.thebalance.com/series-llc-is-it-right-for-your-business-398447/>; 10.10.2017.

²⁹ <http://www.gardilaw.com/does-your-business-need-a-series-llc-in-illinois/>; 10.10.2017. This assumes a cost of setting up the master LLC of 750 USD, plus 50 USD per series/cell.

³⁰ <https://www.weareguernsey.com/news/2015/protected-cell-companies-for-fund-and-non-fund-structures/>; 30.1.2020.

³¹ Andres Knobel, 'Beneficial Ownership in the Investment Industry: A Strategy to Roll Back Anonymous Capital', *SSRN Electronic Journal*, 2019 <<https://www.ssrn.com/abstract=3470358>> [accessed 5 November 2019].

³² For a comprehensive introduction to trusts and their associated risks read: Knobel, Andres 2017: Trusts: Weapons of Mass Injustice?, in: www.taxjustice.net/wp-content/uploads/2017/02/Trusts-Weapons-of-Mass-Injustice-Final-12-FEB-2017.pdf; 15.2.2017.

³³ An example of a flee clause reads as follows: "The assets will [...] be removed to a separate foreign jurisdiction which is deemed suitable for maintaining investments. At the same time, the individual domestic trustee would resign (subject to reinstatement by the foreign trustee) and, under the terms of the trust agreement, the foreign trustee would be unable to comply with any instructions as may be communicated by the grantor or trust protector (if given under duress)... in the event of a creditor's claim, the assets of the foreign trust will have become so undesirable to the creditor (in terms of the cost of pursuing an action in one or more foreign jurisdictions, with limited expectations for a favorable result), that the creditor will have the incentive to settle the matter for a much-reduced sum. When the threat of creditor claims has subsided, the design would revert to the original structure in order to again provide the client with direct access to the trust income and principal as a trust beneficiary" (Tanzi, William 2013: Foreign Situs Asset Protection/Estate Planning Structure (Basic Elements), in: <http://static1.1.sqspcdn.com/static/f/1397518/18536698/1364242367820/Foreign+Situs+Trust+Investments+RC+William+Tanzi.pdf?token=IVQ9JnRjDQvJ69g4Ex7FPmU4fOQ%3D>; 10.10.2017.

A similar scheme was described in LoPucki, Lynn M. 2000: The Death of Liability (SSRN Scholarly Paper ID 7589), Rochester, NY, in: <https://papers.ssrn.com/abstract=7589>; 10.10.2017.