

Henley & Partners Statement on the Transparency International/ Global Witness Report Regarding EU Investment Migration Programs

London, 17 October 2018

Henley & Partners acknowledges the recent publication of a report entitled ‘European Getaway’ by Transparency International and Global Witness (‘the report’) on the alleged security and other risks associated with investment migration programs in Europe.

We understand and share many of the fears and concerns that appear to have driven this work. However, these concerns are now either theoretical or represent a very small proportion of the investment migration reality, due to the robust action taken by Henley & Partners and the wider industry.

The authors admit to the “incomplete” nature of the report, which regrettably contains a great deal of oversight, inconsistency, and exaggeration. As we and many other stakeholders have repeatedly pointed out in relation to other misleading reports that have circulated from time to time, these shortcomings are not surprising given the inherently complex and pioneering nature of the investment migration industry; it is very hard to accurately assess the industry in a cursory way.

While we are able to acknowledge some of the threats that the report outlines, it is a shame that the authors appear to have fundamentally overlooked the industry’s robust response to these issues and have not consulted with the main firms or with the [Investment Migration Council](#), which sets the standards on a global level and interacts with other professional associations, governments, and international organizations in relation to investment migration.

Henley & Partners and the other leading firms in the industry have, through the Investment Migration Council, and in combination with specialist due diligence providers and many of the sovereign states that run residence- and citizenship-by-investment programs, invested significant time and capital into creating very strong systemic approaches to risk management that match or even surpass those of other world-leading professional services providers and banks.

We wish to remind all interested parties that, while significant focus must be placed on the investor side of the industry, consideration must also be given to the sovereign side of the equation. Investment migration programs bring billions of euros’ worth of much-needed capital to sovereign states that would otherwise have to be raised through taxation or increased sovereign debt and budget deficits.

This capital enhances economic sovereignty and can be used to create true social value. Residence- and citizenship-by-investment programs also bring international skills and experience that help diversify local economies and create opportunity. This is particularly important in developing and post-colonial economies with constricted geographies and populations and limited industrial bases.

Henley & Partners wishes to provide necessary context and make the following clear:

- The report mentions the “more than 6,000 new citizens” created through citizenship-by-investment in the EU over the past 10 years, but no context is provided for this number. To put it into perspective, approximately 900,000 naturalizations occur in total in the EU every single year, which amounts to roughly 9 million over a 10-year period. 6,000 is less than 0.1% of that total. While minimal to no due diligence is done on those naturalized through other channels, extensive due diligence is done on 100% of those naturalized through EU citizenship-by-investment programs.
- All citizenship-by-investment programs have extensive security safeguards in place, and as a result the rejection rates within EU citizenship-by-investment programs are high. Malta, for instance, frequently rejects applicants who do not satisfy its strict criteria. For the last reporting year, the rejection rate for the Malta Individual Investor Program was close to a quarter (25%) of all applicants. This figure should be compared with that surrounding applications for citizenship on the basis of ancestry, for example, which are often carried out by EU member states with little or no due diligence checks done on the authenticity of the ancestry documentation (which can be easily falsified), let alone on the applicants themselves.
- The report states that the investment migration programs of EU member states have brought “around €25 billion in foreign direct investment into the EU over the past decade”. We wish to highlight this figure and emphasize the immense economic and societal value generated by these programs in Europe, especially for smaller economies. In the aftermath of the global financial crisis and the European sovereign debt crisis in particular, these programs have provided a means of economic recovery and growth for many European states and populations that cannot be overstated. Henley & Partners is proud to have contributed significantly to this positive socio-economic impact.
- The claim made on page 29 of the report is factually incorrect. It has never been Henley & Partners’ mandated role to “conduct due diligence” on behalf of any government. The government in Malta, as is the case in every country that has a residence or citizenship program in place, was and is itself responsible for due diligence and for the vetting of all applicants. This was the case from the outset of the establishment of the Malta Individual Investor Program and has never been in question.
- Henley & Partners does, however, have its own additional and very strict screening policies in place. Our firm has set up a detailed process whereby all applicants undergo the strictest due diligence processes even before they are accepted as our clients and then again before their applications are submitted to the relevant governments, which then themselves conduct their own further and very thorough due diligence.
- The same of course cannot be said for all firms operating in this sector, and it is for this reason that Henley & Partners, together with other leading firms in this field, is a strong supporter of the Investment Migration Council. Contrary, again, to the claims made in the

report, members of the Investment Migration Council are actually required to adhere to the association's strict Code of Ethics and Professional Conduct.

See <https://investmentmigration.org/code-of-ethics-and-professional-conduct/>

- In all cases reviewed by Henley & Partners, applicants are required to provide a significant amount of information about themselves, their real and financial assets, and any companies they may own. If a client has lived in different parts of the world, they will undergo multiple police clearance and other checks from each country in which they have lived. The due diligence and background verification is extensive by all measures.
- Henley & Partners is proud of its commitment to corporate governance. We have invested considerable capital and management time into creating a structure that can provide the model for the future of the industry, with a strong focus on due diligence and 'know your client' procedures that are on par with or even exceed the standards of banks and other regulated businesses in the financial services sector.

Finally, we would like to draw attention to a [recent comprehensive public policy paper](#) published by the Investment Migration Council in partnership with Thomson Reuters on industry due diligence, of which the following excerpt (pages 75–76) is particularly illuminating in the context of the Transparency International report:

“When functioning appropriately, these programmes do not offer passports for sale; they attract investors with the added inducement of the prospect of citizenship, subject to the investor meeting very high standards of scrutiny. This is a way of attracting foreign direct investment with reduced risk for the investor. Ordinarily, a foreign investor relies entirely on the goodwill of the government of the country he has chosen to invest in. In the case of citizenship by investment, the foreign investor ceases to be a foreigner and can actually rely on the protection afforded to all citizens of his new country.

“On the other hand, the country receiving the investment increases its ability to raise employment levels, expand infrastructure and provide badly-needed social services without resorting to borrowing. Properly run, therefore, citizenship by investment programmes can be mutually beneficial for both the country and the investor.

[...]

“It is equally erroneous to state that by their very nature, these programmes pose an international security threat. Here the reader is reminded of the role that the Barbados-based Joint Regional Communications Centre plays in the vetting of applicants for citizenship under these programmes. The reader is further reminded that the JRCC is only one agency involved in the vetting process. Typically, there are additional players which perform a similar role. The reader is further reminded of the role played by the Financial Action Task Force.

“The end result of all this due diligence is that ‘perhaps 1% of the industry’s clients are human-rights violators, money-launderers or other fugitives from justice, and the other

99% mostly jet-setters or “doomsday preppers”’. That is the assessment of Peter Vincent, a lawyer and immigration and security expert who was appointed Director Counsellor for BORDERPOL in October 2015.”

To read more, see <https://investmentmigration.org/download/staying-ahead-due-diligence-residence-citizenship-investment-programmes/>

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About Henley & Partners

Henley & Partners is the global leader in residence and citizenship planning. Each year, hundreds of wealthy individuals, families, and their advisors rely on its expertise and experience in this area. The firm’s highly qualified professionals work together as one team in over 30 offices worldwide.

The concept of residence and citizenship planning was created by Henley & Partners in the 1990s. As globalization has expanded, residence and citizenship have become topics of significant interest among the increasing number of internationally mobile entrepreneurs and investors whom we proudly serve every day.

The firm also runs a leading government advisory practice that has raised more than USD 7 billion in foreign direct investment. The firm has been involved in strategic consulting and the design, set-up, and operation of the world’s most successful residence and citizenship programs.

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