

GRENADA
£113,000

CYPRUS
£1.7M

AUSTRIA
£2.6M

ST LUCIA
£76,000

A small group of countries is creating a vast “identity management” industry. But is selling passports encouraging terrorism, money laundering and tax evasion? *John Arlidge* investigates

ANTIGUA AND BARBUDA
£76,000

DOMINICA
£76,000

ILLUSTRATION BY HITANDRUN

MONTENEGRO
£300,000

ST KITTS AND NEVIS
£113,000

MALTA
£855,000

JORDAN
£756,000

VANUATU
£121,000

MOLDOVA
£115,000

TURKEY
£189,000

CITIZENSHIP

FOR SALE



A1	£76,000	A2	£189,000	A3	£113,000
B1	£76,000	B2	£113,000	B3	£121,000
C1	£2.6m	C2	£855,000	C3	£756,000

even days a week, Cabeejah Proctor gets up before dawn and climbs on a truck that judders over the tarmac from her home in St John's, Antigua, to Nonsuch Bay on the Caribbean island's Atlantic coast. The 22-year-old apprentice electrician works round the clock wiring holiday villas and installing air conditioners on a luxury hotel development, but she has bigger plans. "I want to make enough money to start my own business. It's my dream," she says, pulling her cap down to fend off raindrops the size of gobstoppers.

Patricia Martin's dream has already come true. I can't miss it as the plane I arrive on banks hard left and drops through the towering tropical clouds to land at the island's international airport. It's a vast solar power farm off to the side of the runway, black panels glinting like squares of licorice in the late afternoon sun. "This and our other sites generate 20% of the energy for the island," Martin smiles as she shows me around the plant she manages.

Proctor and Martin look like Caribbean entrepreneurs going places — because they are. But the pair are also part of something much bigger. Their jobs are funded by the oddest new globalised business. It's officially called "investment migration" or "identity management". To everyone else, it's passports for sale. It's an industry with plenty of critics. They claim it encourages tax evasion, facilitates terrorism and provides political and economic cover for the global elite as they flit around the world, protecting their wealth and contributing little to whichever country they choose to lay their fine-feathered hats in.

Thirteen countries now treat passports as a new global asset class, selling them legally on the open market as if they were government bonds. They are Antigua and Barbuda, Dominica, Grenada, St Kitts and Nevis, St Lucia, Cyprus, Malta, Moldova, Montenegro, Vanuatu, Austria, Jordan and Turkey. Buyers include businessmen and women who need to travel often but do not come from countries such as Britain that enjoy visa-free access to leading economies; wealthy nomads who want to hedge their identity and lifestyle as they hedge their investments; and, inevitably, human-rights violators, money launderers or other fugitives from justice.

The Caribbean is the centre of the trade since its islands' colonial past affords its citizens wide visa-free access, typically to about 130 nations, including the 26 European countries in the Schengen area. Conveniently, many of the islands are also offshore financial centres. Citizenship in low-tax states such as St Kitts or Antigua can help a tax lawyer make the case that you don't owe money in other jurisdictions. The islands also need the money. In Antigua,



MAN WITH THE GOLDEN VISA
Dr Christian Kalin, chairman of Henley & Partners, masterminds the global sale of passports

it is pumped into infrastructure and local businesses such as the solar farm and the hotel development on Nonsuch Bay.

The citizenship business is now worth \$3bn a year worldwide in direct passport sales alone and is growing by 25% a year. It operates much like any other industry. Countries compete on the open, global market, often undercutting each other on price. Antigua has a special passport offer until October: the usual price — a one-off investment into the nation's development fund — has been discounted by 50% to a mere \$100,000 (about £76,000). That's cheap — a fraction of the price of a Gulfstream jet or a superyacht. Nimble too.

Demand ebbs and flows as global economic and political stability rises or falls. With a general election perhaps the only way to resolve the Brexit imbroglio, demand from UK citizens is spiking. "We've had an increase in calls," says Dr Christian Kalin, chairman of London-based Henley & Partners, the world's leading citizenship sales agency. The threat of hefty personal and corporation tax rises, capital controls and VAT on school fees if Labour were to win an election is spurring Brits to abandon national monogamy.

Prominent business leaders, notably the vacuum king Sir James Dyson and the industrialist Sir Jim Ratcliffe, have moved some or all of their operations overseas and now live abroad for long periods. The hotelier Sir Rocco Forte says he might follow "if you got Corbyn coming in and creating a draconian system of taxation".

Many wealthy — and not-so-wealthy — Brits are opting for an Irish passport, courtesy of a relative. Others are following John Cleese and going further afield. Last year the actor moved to St Kitts and Nevis in protest at what he called Britain's toxic political culture.

To find out how the citizenship trade works, I drive from the soggy building site at Nonsuch Bay to downtown St John's, Antigua's capital. On the third floor of the building occupied by the Eastern Caribbean Amalgamated Bank is the government's citizenship by investment unit. It's run by the 6ft-tall Charmaine Quinland-Donovan. Before she was headhunted for the operation, she spent eight years in charge of regulatory compliance at the Eastern Caribbean Central Bank, based in St Kitts and Nevis, where she supervised retail banks and insurance companies.

Applicants, she tells me, have to use an agent, approved and licensed by the Antiguan government, such as Henley & Partners. They are investigated by the agent and the Antiguan government, who use external agencies, including Interpol. "Everything is checked," she insists. Once approved, successful applicants get their passport only once they have handed over a substantial sum. They have the choice of making a one-time contribution of \$100,000 to the Antiguan Treasury, spending \$400,000 — or \$200,000 each if a couple applies before October — on an Antiguan property that they can use for five years and then sell if they want, or investing \$1.5m in a local business or \$5m as part of a consortium with other investors, with each investor paying a minimum of \$400,000. Non-refundable fees are about \$35,000 on top, and the process typically takes about six months. Successful applicants do not have to live, or indeed spend more than a day a year, in Antigua during the first five years.

Quinland-Donovan rattles off figures at machinegun speed to convince me that, since the scheme was introduced in 2013, it has done nothing but good. More than ➤➤➤

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ON THE UP Cabeejah Proctor works at a hotel development in Nonsuch Bay, Antigua, funded by the sale of passports

\$400m has been invested in Antigua through the programme — about 5% of GDP and 20% of all foreign investment. The cash has helped Antigua to pay off its entire external debt to the IMF — about \$117m — which accrued after the economy shrunk by a quarter during the global financial crisis. Overall debt is down from a risky 104% of GDP to a respectable 72%. New investment has helped the economy grow at about 5% a year, boosting employment by almost a quarter since 2013. “It’s a social good for Antigua and for the world,” she concludes.

Nobody disputes that citizenship programmes can raise money for cash-strapped countries. Lots of people want “citizenship options” and are happy to pay for them. Take Jim Rogers, the storied US-born investor and co-founder of the Quantum Fund and Soros Fund Management, who has moved to Singapore to run his own investments. Over tea and homemade date balls at his house in a leafy suburb of the Lion City, he explains that not owning a second passport, or even several, could be “very dangerous” in the near future. “We’re not going to have a very simple and stable world in the next 20 or 30 years. Everybody should have a ‘plan B’ in case you are in the wrong place at the wrong time. You have your assets in other places and you should diversify your living possibilities, too. Everybody in my family has more than one passport.”

The trouble is, for every upstanding, successful chap like Rogers who is happy publicly to discuss the issue and his passports, there may be... well, who knows? Countries do not publish lists of successful applicants. “If we published the names, no one would apply,” says Quinland-Donovan. “You have to think of the security risk of kidnapping, or worse.”

The secrecy makes the citizenship trade too risky for some. Canada abandoned visa-free travel with St Kitts and Nevis in 2014 amid fears that at least one Iranian had used the island’s citizenship by investment

scheme to obtain a passport to evade global sanctions imposed over Tehran’s nuclear programme. The small Caribbean island nation of Dominica has been caught selling passports to applicants who have changed their name by deed poll — a very attractive option for anyone with something to hide. Francesco Corallo, an Italian businessman on an Interpol most-wanted list for fraud and other crimes, went one better, acquiring a Dominican diplomatic passport. Jho Low, a suspect in the \$700m corruption scandal that has engulfed IMDB, a Malaysian investment fund, also snagged a Dominican or St Kitts passport — or both, according to American investigators.

Overseas governments are concerned about Antigua, too. You don’t have to look too far back to see why. Shortly before the global financial crisis, the US financier Allen Stanford took advantage of lax local regulation to mastermind a \$7bn Ponzi scheme from the island. Cricket fans will remember him as the man who popularised the Twenty20 format of the game — before he was convicted of fraud and sentenced to 110 years in prison. Quinland-Donovan admits her department has made some mistakes, but does not give details. Later, I find out the government is trying to cancel the passports of three successful applicants, two Chinese women, Lihua Tian and Ai Yang, and one Indian citizen, Mehul Choski, all currently resident in Antigua. Each lied on their application form, claiming they were not subject to any forthcoming criminal investigation in any jurisdiction, the Antiguan authorities say.

The cases account for fewer than 1% of the 3,500 successful applications for Antiguan citizenship. But they have been enough to prompt another policy change from Canada — this time cancelling Antiguan’s visa-free travel to the country. Antiguan may also have to apply for approval for visa-free travel to Schengen countries after 2022. The Canadians and the Schengen nations are

concerned that Antigua’s need for cash could tempt politicians to err on the side of applicants and ignore risks. Oliver Bullough, author of *Moneyland: Why Thieves and Crooks Now Rule the World & How to Take It Back*, agrees: “Selling citizenship is free money and what government doesn’t want that? Yes, and they can be scrupulous about who they give passports to, but that means they are turning away free money and that is something no one’s very good at. I suspect there will be plenty more scandals.”

It’s enticing to think that the passport trade is of little risk to us in Britain. We may have historical links with the Caribbean, but its islands are a long way away. However, EU states, notably Cyprus and Malta, also sell passports — thousands, at the last count. Malta has sold citizenship for €900,000 (about £855,000) a time to dozens of wealthy Russians and to 62 members of two of the richest families in Saudi Arabia. Westminster and Brussels are concerned by “the possibility of infiltration of non-EU organised crime groups, as well as risks of money laundering, corruption and tax evasion”. The Organisation for Economic Co-operation and Development has included Malta and Cyprus on a blacklist of 21 nations operating passport purchase schemes that pose a high risk of tax evasion.

The investigative journalist Daphne Caruana Galizia had been probing the sale of Maltese passports when she was killed in a car bomb attack near her home on the island in 2017. At the time of her murder, which remains under investigation, she was looking into the dealings of Ali Sadr Hashemi Nejad, the chairman of Malta’s Pilatus Bank. He was arrested last year on charges including conspiracy to violate US sanctions and money laundering. Henley & Partners helped him to secure a St Kitts passport in 2009. He is thought to still have it — and passports from at least three other nations.

How did the passport business get so big, so fast? That question, at least, has a clear answer: Christian Kalin. The wiry Swiss businessman created it single-handedly from nothing and has spread its tentacles from St John’s to Valletta. He’s a hard man to track down. As one of his closest advisers tells me: “Like Yasser Arafat, he does not sleep in the same bed two nights running”. I finally meet him in his office overlooking the gardens of Buckingham Palace — suitable digs for a firm that generates tens of millions of pounds in revenue a year.

Kalin made his fortune by realising that the globalisation of business would fuel demand for the globalisation of citizenship. Wealthy people would pay handsomely for passports that made it easy to run their worldwide businesses. All he had to do was find countries prepared to sell them. ➤➤➤

He started in Canada, Austria and Hong Kong, but hit pay dirt in St Kitts, where the local sugar industry was collapsing. He persuaded the government that harvesting passports would make good the agricultural losses and he even helped the country to shape its citizenship-by-investment legislation — for a fee. He went on to set up similar passports-for-sale programmes in Grenada, Antigua, Moldova and Malta. In all the countries where it operates, Henley & Partners takes the lead in introducing clients to the government. It charges between €20,000 and €500,000 per individual application, depending on the country — Austria is the priciest because the process takes years. The firm also gets commission, typically 5%-10%, from some governments on each successful application.

Some critics say Kalin often gets even more deeply involved in the markets in which he works. They allege he worked to influence elections in Caribbean states, including collaborating with Strategic Communication Laboratories, the parent company of the disgraced data analytics firm Cambridge Analytica, on elections in St Kitts. He backed political parties that supported citizenship-by-investment schemes, they claim. “Kalin can only operate in a country if the right party is in power — the one that supports selling passports,” says one detractor. “The temptation to try to influence elections is clear.” Kalin emphatically denies the charges, but concedes he naively “got too closely involved” in the political process

“Kalin can only operate if the right party is in power. The temptation to influence elections is clear”

in the Caribbean at times. Caruana Galizia accused Kalin of interfering in Maltese politics to win political backing for his business from the prime minister, Joseph Muscat. Again, Kalin denies the claims.

As he takes his seat in the boardroom decorated with books with titles such as Quality of Nationality Index, Kalin sets out the advantages as he sees them. Many entrepreneurs from countries in Asia, the Middle East, China and Africa don’t have time to get a visa every time they need to travel abroad. Some wealthy westerners do not want to reveal their nationality on passenger lists or hotel registers. US and UK passport holders are terrorist targets. Some applicants see tax advantages. And the host countries benefit from hundreds of millions of dollars of investment. Put it all together and “this is globalisation at its best”, he says.

No system is foolproof, he admits, but “99.9% of people going through this system are very good people”. What about Malta, I ask. “The EU have the right concerns but the wrong target. They should be more concerned about the thousands of people each year who bribe officials in eastern and



BORDER CHEQUES Charmaine Quinland-Donovan, head of the citizenship scheme in Antigua, says it has raised \$400m

southern EU states to acquire EU passports than the few hundred who submit to the intense due diligence required to acquire citizenship by investment.” He adds that there are almost 1m naturalisations each year in the EU, but only 6,000 people have successfully used citizenship by investment in the EU over the past 10 years.

On my final night in Antigua I get a text message as I’m nodding off at 10.40pm. The prime minister, Gaston Browne, who is also the finance minister, wants to see me first thing in the morning. I should be ready at 8.20am.

The PM’s office is dark and the furniture is repro Louis XIV. Browne is more informal, wearing a suit and an open-neck patterned shirt. He admits that “some people look at citizenship by investment as the vulgar sale of passports”. But he insists he is merely

selling the ultimate travel insurance for people who need it. Who wouldn’t want the option to settle in a place of “peace and tranquillity, with a good lifestyle, beautiful climate and beautiful beaches”?

Who indeed. But isn’t it wrong that only the rich can afford it? “That is not quite correct. There are other pathways to citizenship. You can come here, be resident for seven years and become a citizen. You can marry an Antiguan.” I rephrase the question. Millions of documents leaked to the media in the so-called Panama and Paradise Papers have revealed how wealthy people exploit cracks in the nation-state system by shopping for jurisdictions that afford them and their money a borderless life, without social or fiscal responsibility toward the places where they live. Surely it’s a bad idea to do anything that facilitates the creation of a footloose global elite who “game” the international financial and visa system for their own advantage?

“I am conscious of the global superclass,” says Browne, a regular at the World Economic Forum in Davos and citizenship by investment conferences around the

world. “We have amended our laws to make sure they do not use their citizenship here to avoid paying taxes. If these individuals bring millions or billions of dollars here, they have to be reported.”

What about sanctions busters or terrorists? “Terrorists? These countries are so small, so closely knit, and when you look at how intrusive it is to become a citizen, I do not know that somebody will want to be subjected to that level of due diligence. It makes no sense. The risk of terrorism is practically non-existent.”

Citizenship means a connection with a place and its people. That cannot be bought. For a proud Antiguan to encourage it, the prime minister no less, is demeaning, isn’t it? Not at all, he says. We need to stop thinking in narrow and artificial “silos” of the nation state and arbitrary borders on a map, he lectures. “We are all fundamentally one and the same — human beings, global citizens.” Besides, he argues, the US and the UK have similar programmes. They do, but he neglects to say they offer only residency, not passports, in return for cash.

Do ordinary Antiguan welcome the influx of Chinese, Arabs and Russians on the streets of St John’s? Antiguan “are very loving, caring people, very receptive to individuals from all over the world”. Not all Browne’s compatriots agree. Joe Joe has spent the past 20 years driving tourists around the island in a battered Toyota minivan that bears his name. He tells me so many Chinese and Syrians are settling in St John’s and buying up businesses that they are pushing up land prices. “They come with a suitcase and a few clothes, and the next thing you know, they are the richest people in Antigua. I can’t afford to buy land now,” the 44-year-old from Galley Bay complains.

Amory Joseph, a 49-year-old electrician from St John’s I meet later, agrees. “Some locals sell their businesses to Chinese or Syrians and people think, if you’re going to sell, you should sell to a local. If you’re tired of running the business, empower another local.” Do the two men worry about the kind of people who are arriving? “Yes,” says Joe Joe. “What did those Syrians do in Syria?”

Before Joe Joe drives me to the airport to catch my plane home, I suggest to Browne that he should set aside his global-citizen, happy-clappy, one-human-race spin and admit citizenship by investment is just business. Like any country, Antigua is trying to leverage its assets. It doesn’t have oil or gas, like Trinidad or Guyana, but it does have passports that can guarantee visa-free access to more than 100 countries and make it easier to enter many others. He’s just mining that rich seam. “It is business,” he says at last. “Absolutely. Our people need to live.” ■