

Henley & Partners’ Statement on the UK Parliament’s Digital, Culture, Media and Sport (DCMS) Committee’s final report on disinformation and ‘fake news’

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The UK Parliament’s Digital, Culture, Media and Sport Committee has published its final report on disinformation and ‘fake news’. Henley & Partners is mentioned in this report, although only very briefly. It is nevertheless appropriate for Henley & Partners to communicate serious and fundamental concerns and objections about the manner in which the firm has been represented.

Henley & Partners respects the value of the report in addressing challenges to the functioning of democratic states, and agrees that ‘fake news’ and uncontrolled data collection activity require significant investigation and probably more stringent regulation in the future. However, Henley & Partners is very disappointed by the way that the firm and the wider investment migration industry have been dealt with in this report.

Investment migration

The Committee has operated from the assumption that investment migration is in some unexplained way to be questioned, a view which appears to be forwarded by undisclosed parties who have volunteered evidence to the Committee.

Henley & Partners respectfully observes that there is a contrary stance to consider, both from the individual and the sovereign perspective. Henley & Partners likewise notes that a reliance on voluntary anonymous contributors, without diligent analysis and consideration of alternate positions or consideration of the motivation of such anonymous contributors, significantly distorts the reality.

As *The Economist* has commented: “There are legitimate reasons for wanting a second passport. Travelling businessfolk from poor or Muslim countries face endless visa hassles unless they have one. Others seek an extra passport as insurance against instability or persecution.” The publication additionally stated that “there are many sound reasons to grant residence or citizenship to foreigners who are prepared to pay for it”.¹

Well-managed investment migration programs create significant societal value. As noted by the International Monetary Fund (IMF)², such programs help to stimulate job creation, economic growth, and national prosperity. Just as large economies in North America and Europe use investment migration to attract much-needed expertise and foreign direct investment, smaller countries can similarly tap into the potential of these programs to grow their economies and help

¹ <https://www.economist.com/leaders/2018/09/27/countries-should-be-free-to-sell-citizenship-but-not-to-crooks>.

² [Prudent Management of Inflows Under Economic Citizenship Programs, IMF Working Paper WP/15/93 May 2015.](#)

them compete on the global stage.

SCL, the Caribbean, and Malta

As has been stated on multiple occasions, Henley & Partners' position on this matter is very simple. It is repeated again here: Henley & Partners was advising governments in the Caribbean on citizenship-by-investment at the same time that SCL was active in the region. It followed, as is common in businesses with similar client bases, that there was a certain amount of interaction among the numerous advisors and consultants. It is entirely incorrect, however, to suggest that Henley & Partners worked in partnership with SCL or in any way sought to gain from the outcomes of any elections.

Henley & Partners again wishes to make it very clear that neither the firm nor its Chairman, Dr. Christian H. Kälin, have ever provided funding for any election campaign, either in the Caribbean or elsewhere.

The Committee's suggestion that Henley & Partners could have gained anything from being involved in any elections in St. Kitts and Nevis demonstrates both a lack of rigor in investigation of events and a lack of understanding of the timelines under consideration.

In 2006, Henley & Partners signed a mandate with the St. Kitts and Nevis government to revise and relaunch its citizenship-by-investment program in 2007 – three years prior to the election that is referred to in the report. Logically, therefore, such insinuations make no sense.

Standards and due diligence

Henley & Partners appreciates that the priority of the Committee was not to provide detailed analysis of the investment migration industry.³ Indeed, the subject was outside the original Committee's remit, and the Committee lacked the necessary expertise and experience regarding the investment migration industry, as well as in analyzing trends in foreign direct investment, and in understanding the wider operating environment of the sovereign states involved.⁴

Henley & Partners is therefore concerned about the unwarranted negative perception that has resulted from the way the report was compiled and published, and from the way it relied on the often-anonymous provision of evidence without any apparent interrogation of the motivation behind the disclosure.

Over the past 20 years, Henley & Partners has invested significant time and capital in creating a corporate structure that is wedded to best practice governance and the highest levels of due

³ <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomeds/363/363.pdf> (Page 6, paragraph 4).

diligence, even before passing a client over to the consideration of a sovereign state.

Henley & Partners has voluntarily set up a system whereby all applicants undergo strict due diligence procedures before they are accepted as clients, and again before their applications are submitted to the relevant governments, which themselves conduct their own further and very thorough due diligence. All 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.

Further checks are then undertaken by financial institutions, in accordance with international anti-money laundering and compliance standards. As is the case with banking, insurance, and asset management, there are a very small number of cases where nefarious actors have been identified. However, similar to the financial services industry, these instances make up significantly less than 1% of all investment migration cases, and should not be considered in any way representative of an industry that creates significant societal and sovereign value.

Henley & Partners openly advocates making these strict standards of security and due diligence compulsory in order to further improve business practices in investment migration, and to avoid its social utility being tarnished by sub-standard operators. We have also repeatedly called for greater regulation in this sector and will continue to do so.

Conclusion

Henley & Partners welcomes better governance around data collection. Indeed, the central thesis of the report, which highlights the implications for the supra-national and multi-jurisdictional world we now inhabit, tallies with the firm's own view.

However, concerning the investment migration industry in general and Henley & Partners specifically, the Committee has relied on anonymous sources without compelling evidence and extended the scope of the investigation of the enquiry without investing in the necessary skills and experience needed to objectively analyze the matter at hand. With regard to investment migration, the Committee also criticized the industry without justification, leaving a story untold and an argument one-sided. In particular, the important value created by investment migration for sovereign states and their people has been entirely ignored.

Henley & Partners will continue to advocate that well managed investment migration programs increase the prosperity of countries, allowing them to make much-needed investments in their economies without increasing the national debt – thereby enhancing societal value in a responsible way.

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Notes to Editors

About Henley & Partners

Henley & Partners is the global leader in residence and citizenship planning. Each year, hundreds of wealthy individuals and their advisors rely on our 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 8 billion in foreign direct investment. Trusted by governments, the firm has been involved in strategic consulting and in the design, set-up, and operation of the world's most successful residence and citizenship programs.

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