

Lucrative business on speedboats and yachts

The British Virgin Islands are known as a paradise for sailors and tax evaders and as a transit point for drug smuggling. A closer look. **Karin Wenger**

Until now, I only knew the British Virgin Islands because they are usually mentioned in the same breath as letterbox companies and tax evaders. Now, on our sailing trip through the Caribbean, I saw them with my own eyes: a collection of small, barren islands spread over 150 square kilometers, between which the sea lies as calm as a lake. On this "There are entire fleets of charter catamarans out at sea. A 44-foot catamaran can be hired - including skipper, cook and *all inclusive* - for USD 30,000 a week, a 60-foot catamaran for six people for USD 30,000 a week. with the same arrangement costs USD 80,000. Between the catamarans, which usually gather in the bays in the evenings where there are buoys and a bar, the super yachts drive their toys - a selection of dinghies, helicopters, jet skis - through the bays. Which is immediately clear: Although the islands are nothing but dust-dry, barren land and have a few white beaches to offer, there is money here, lots of money, lots of white-washed money.

Home of money laundering The British Virgin Islands have an extremely overdimensioned financial sector in relation to their size, the majority of whose customers are not locals. As an off-shore financial center, 60 percent of the state coffers are fed by income from financial services, and the country earns the rest from tourism. The anti-corruption organization Transparency International published a report on this in April 2022. It states that 1201 companies operating in the British overseas territories were involved in 237 major corruption and money laundering scandals. More than 90 percent of these companies are registered in the BVI (British Virgin Islands), as the British Virgin Islands are known. The International Monetary

In 2019, the BVI were the home of phantom investments and "shell companies", i.e. companies that do not carry out any actual economic activity and whose sole purpose is to be misused for tax avoidance.

The UK does not seem to be entirely indifferent to this criticism, as the BVI are, after all, a British overseas territory. Although they have enjoyed more autonomy since 1967, have an independent legal system and are largely self-determined with the exception of foreign and defense policy, the British Crown is and remains the supreme executive authority to this day. And so Great Britain sends specialists to BVI, which are intended to ensure greater transparency in the financial sector.

I met a financial specialist over lunch in Road Town, the capital of the BVI. The Englishwoman teaches young civil servants *financial compliance*, i.e. how to carry out clean financial transactions.

This carries certain risks in a country that is largely financed by dirty financial transactions. It is therefore not surprising that the Englishwoman was threatened and persecuted and almost packed her bags, as some officials and politicians saw her business at risk if it were to become cleaner and more transparent. Now the Englishwoman no longer goes out alone at night and always has her husband pick her up from work. Since Russia went to war against Ukraine, many Russians in particular have been acquired as new customers here, says the Englishwoman, who does not want her name to appear anywhere for security reasons.

Flying over dark waters at night

But it's not just foreign money that is being exchanged in the island paradise for hefty

fees are washed clean and fill the state coffers and the pockets of some officials. We see a conspicuous number of small boats with up to a thousand horsepower engines whizz back and forth between the small islands. "The BVIs are a popular hub for smuggling drugs from Colombia and Mexico to the USA," says another Englishwoman who has lived here for decades, for a long time on the northern island of Anegada. Small planes often landed there at night, which would have taken off again after a short time. Over time, they would have dropped their cargo, packages of cocaine, packed watertight and fitted with tracers, over the sea, where she was picked up by the speedboats and transported onwards. Politicians and officials up to the highest ranks were involved.

Undercover investigators In April 2022, it became apparent that these were not stories of the past. Back then, Andrew Fahie, the then Prime Minister of the BVI, and Oleanvine Maynard, the head of the Port Authority, were arrested at Miami airport for drug trafficking and money laundering. The two had traveled in a private plane to inspect USD 700,000 in bribes packed in designer bags in Miami. Money that they had been promised if they facilitated the transportation of millions of dollars of cocaine from Colombia through the BVIs to Miami and New York. Unfortunately for the two senior government officials, the alleged Mexican drug traffickers were undercover agents of the US Drug Enforcement Administration. They were immediately arrested and are now awaiting trial in the USA.

Following the arrest of Fahie and Maynard, an independent British commission of inquiry published a report in which it wrote that elected officials had "Decisions that consume huge sums of public money and affect the lives of all residents can and do take place at will, without applying objective criteria, without giving reasons and without fear of consequences." The principles of good

Governance such as transparency, openness and the rule of law are ignored in the British Virgin Islands. The Commission therefore advised that the archipelago should be under the direct control of Governor John Rankin for two years, i.e. under direct British control.

Fewer speedboats, many yachts

It did not come to that. Natalio Dixon Wheatley, who took over from Fahie, fought back and is now the new prime minister. The Englishwoman, who has been teaching a new generation of civil servants what transparency in the financial sector means for the past three years, doubts that he will bring about the changes that the small island state needs to not only clean up its money but also its image. She believes that it will take at least one more generation with a new, well-trained civil servant elite, a real change in awareness and need more control until something changes. At least something has changed since the arrest of former Prime Minister Fahie, says the other Englishwoman: she hears the speedboats less often at night over the sea, the arrest of Fahie has startled many.

However, the most lucrative deals are probably not made on small speedboats in the dark of night, but in broad daylight on the decks of million-dollar yachts - many of which continue to swim through the calm waters of the British Virgin Islands.



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