



UK could face mass exodus of old money with budget announcements

UK government proposals to abolish permanent non-domiciled status and reduce the status timeframe to 15 years could lead to “a mass exodus of older money”, a private client lawyer predicts.

Ashley King-Christopher, private wealth and family office partner at Charles Russell Speechlys, said the change to the non-domiciled status was “a surprise”.

From next year anybody who has been resident in the UK for more than 15 of the past 20 tax years will be deemed UK-domiciled for tax purposes, UK chancellor George Osborne announced in July.

“The danger is that these older non-domiciled residents could go to places like Spain and other jurisdictions that don’t require you to pay taxes on

your worldwide income,” said King-Christopher.

According to critics, the non-domiciled regime benefits a small group of very wealthy people with tax treatment that is not open to UK residents.

Nick Bryer, Oxfam’s head of UK policy and campaigns, said pledges to end permanent non-domiciled status were steps in the right direction, but that more needed to be done to ensure wealthy individuals pay their fair share of tax.

The UK Treasury estimates that the changes to non-domiciled rules and abolishing the ability to avoid inheritance tax by holding UK property in offshore structures will raise £1.5 billion (\$2.3 billion) over the next five years.

King-Christopher said, on a positive note, that the proposed changes to UK corporation tax rates would add to the attraction of establishing a family office in London for international families.

The UK corporation tax rate is 20% - already the joint lowest in the G20 - and will fall to 19% in 2017 and 18% by 2020.

“Mayfair and the West End have recently experienced an influx of single and multi family offices servicing the multifaceted requirements of high net worth international families, from concierge services to asset management, and investment banking,” he said.

King-Christopher said he was currently advising four international families on setting up their family offices in London, including one that was relocating from Switzerland. ■

NON-DOMS IN NUMBERS



1799

British prime minister William Pitt introduces a law allowing those with colonial wealth to avoid taxation



115,000

The estimated resident non-domiciled population



£30,000

The starting annual cost for maintaining resident non-domiciled status long term



£8.2 billion

The estimated tax take from non-domiciled residents in 2012-2013



1,400

The number of non-domiciled residents who have lived in the UK for more than 12 years

INVESTMENT CORNER



The Bronfman family office, Claridge, has bought a stake in theatrical producer Cirque du Soleil. Both entities are based in Montreal.



One Thousand & One Voices, a private equity firm founded by brewing next-gen John Coors, has made a \$5.6 million investment in RedSun Dried Fruit & Nuts, one of South Africa's largest raisin producers.



Several retail families have invested in "mom" fashion brand Evereve, including the Lewises, behind the UK's River Island, and Prairie Management Group, the family office for the founders of US furniture chain Crate & Barrel.



Hollywood family office Knight Global has bought Bay Mutual Finance, an advisory firm with over \$22 billion assets under management.



Man convicted for using family office money in Facebook scam

A man who conned a family office investment adviser out of \$11 million of client money for Facebook shares was convicted of wire fraud and money laundering in a California court in May.

Troy Stratos, 49, convinced Tim Burns, head of ESG Family Services, that he had access to Facebook shares ahead of its 2012 IPO.

Burns, who left Morgan Stanley in 2005 to set up his company, is currently awaiting sentencing in a separate fraud case.

Using the alias Ken Dennis, Stratos boasted to Burns about his connections with top executives at Facebook and within Silicon Valley, even claiming he was very close with Apple co-founder Steve Jobs.

He explained that he was purchasing stock on behalf of Carlos Slim, and there would be shares left over that he could sell on before the company's IPO.

Burns never met Stratos, only communicating with him via phone, email, and text message, but still wired money totaling \$11 million on behalf of his east coast clients.

During 2011, Stratos was imprisoned following his arrest for a separate fraud involving the ex-wife of comedian Eddie Murphy, but continued his communication with Burns in text messages sent via associates.

Stratos' defense argued he had in fact been seeking the shares on Burns behalf, and the money paid was a legitimate finder's fee, because he had connected Burns with relevant Facebook executives. ■

NEWS IN BRIEF

Tight Russians

Twenty three per cent of wealthy Russian investors currently employ a conservative wealth management strategy, up fourfold from two years ago, according to a Campden Research report. A further 42% employ a balanced approach, and 35% seek growth.



Strike up the brand



Merged multi family offices SandAire and Lord North Street Private Investment Office have rebranded their combined entity as Sandaire Investment Office. They announced they were joining forces in March 2014.

Bringing it back to family

Hedge funder John Thaler, 39, is returning outsider money to turn his fund into a \$1.7 billion family office, telling investors he wants to spend more time with his young family and "determine which path to pursue next".





Princely sum pledged to philanthropic causes in Middle East and beyond

➤ A Saudi billionaire, who once launched libel action against *Forbes* for underestimating his wealth, has pledged his entire \$32 billion fortune to philanthropy – the largest philanthropic gift ever made.

HRH Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud, chairman of Alwaleed Philanthropies, said the money would go to causes ranging from cultural understanding, female empowerment, and disaster relief, and has received the praise of Bill Gates for his gift.

The royal is regarded as comparatively liberal in Saudi Arabia. He has previously donated \$3.5 billion via his charity, and says philanthropy is an intrinsic part of his Islamic faith.

A grandson of Saudi Arabia's founder, Abdulaziz, Prince Alwaleed describes himself as self-made, insisting his father only provided him a \$30,000 endowment, a \$300,000 loan, and a house. His investments have included Apple, Citigroup, News Corp, and Four Seasons. ■

GIVING BIG



STUBBING OUT BIG TOBACCO

Bill and Melinda Gates along with Michael Bloomberg have established a \$4 million anti-tobacco litigation fund for developing nations facing public health policy lawsuits from big tobacco companies.



PICKING BRAINS

The Paul G Allen Foundation is addressing a current roadblock in neuroscience – growing mature human brain cells in the laboratory. Grants totalling \$7.5 million have been distributed among six US researchers.



IRANIAN IMMIGRANT CENTRE

Tech entrepreneur Bitu Daryabari has helped establish the Daryabari Iranian Community Center in Silicon Valley to help Farsi-speaking immigrants with services such as legal advice and English lessons.



CHARITY OVER CHILDREN

A Hong Kong hotelier and real estate tycoon, Yu Pang-lin, is believed to have been the first Chinese billionaire to leave his wealth to charity. He had previously said his children, if they were competent, would not need his money.

COLLECTIBLES OF THE QUARTER



ALLEN JONES TABLE SCULPTURE

The British pop artist's fetishist-style artwork was among an eclectic collection on offer in London in May. It went for **£665,000**.



REMEDIOS VARO HACIA LA TORRE

The collection of the late Cemex third-gen Lorenzo Zambrano set a record for a single Latin American collection, taking in \$17.6 million, with Varo's piece reaching **\$4.3 million**.

1880 \$4 STELLA COILED HAIR COIN

A British buyer paid **\$1.8 million** for the US coin featuring a woman with her hair up, rather than flowing, the rarer of the two Stella designs.



WORLD WAR II ENIGMA MACHINE

Featured in last year's cinematic thriller *The Imitation Game*, many Enigma Machines, used by Nazi forces during World War II, were destroyed after the war. The rare Sotheby lot sold for **£149,000**.