



International Business Companies Registry

The IBC Review

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BELIZE: A MATTER OF PERSPECTIVE

Contributed by: Ruth Neal, Managing Director of Georgetown Trust Limited

Imagine the consternation of a 17-year-old girl who left her beloved homeland to travel two decades ago, only to find many people she came in contact with had not heard of her country, much less knew of its location?

"Belize? Where is that? In Africa, or South America?" In answering, she had a choice. She could either be ashamed of the fact that her country was of such seemingly little significance in the world that the people around her knew little or nothing about it, or she could be proud of her undiscovered paradise.

Today that girl is able to look around her and know she was correct in her judgment. Belize is no longer a secret to the tourists who flock to her shores declaring her a paradise found, but she still keeps her secrets from many.

A wealth of resources

One such secret is the wealth of legislation that has been enacted. Of course, having laws for the formation of tax-exempt international business companies, protected cell companies, trusts, limited liability partnerships, international banks, mutual funds and international insurance companies is not unique to these shores.

Belize readily admits to having closely examined the models of other established international financial centres before writing its laws in an effort to avoid the pitfalls experienced by the latter.

But what makes this English-speaking Central American nation truly unique in the financial services arena, besides its high percentage of bi-lingual population and proximity to North America and the South and Central American emerging markets, is its untapped back-office workforce who is extremely competitively priced when compared with labour costs around the Caribbean and in the more developed industrialised economies.

For years, Belize has been unconsciously preparing itself to provide an ideal location and workforce for the administration of offshore banks, investment funds, captive insurance companies, charitable foundations and trusts.

With a small, vibrant population of around 273,000, of whom more than 65% are aged below 30, Belize is producing a steady stream of bright young minds bearing certificates and degrees in business studies and administration. This active population is seeking employment and looking to fulfil our unrealised potential.

This unconscious preparation and untapped workforce brings to mind uncut diamonds, or gold deposits buried deep in the earth. That is precisely the kind of discovery this combination of offshore legislation and potential workforce can be to a competitive international business. It is all just a matter of perspective.

Uncharted waters

The teenager who thought her home was a paradise when others knew nothing of it, now thinks it is an opportunity waiting to happen for those with the financial know-how and determination to want to do things in a new way. It is an opportunity that may never be realised unless one is looking for it and is prepared to chart unknown waters in the belief that to the conqueror comes the reward.

Although a relatively new international financial centre and jurisdiction, Belize provides access to a number of financial vehicles, it lacks the ability to provide the investment platforms and opportunities required by the user of those vehicles to maximise the benefits to our economy.

In other words, most Belize domiciled financial vehicles are currently operated from outside Belize, taking most job creation and asset deposits to other jurisdictions that provide the investment highways needed.

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TRUST LINGO

Charitable Remainder Trust:

(Charitable Remainder Irrevocable Unitrust)

A form of trust in which the donor (trustor or settlor) places funds or assets into an irrevocable with an independent trustee, in which the assets are to go to trust charity on the death of the donor, but the donor (or specific beneficiaries) will receive regular profits from the trust during the donor's lifetime. The trustor can make the gift to charity, receive a return on his money and still arrange to make a large gift at death to his heirs.

Living Trust:

A trust created by a declaration of trust executed by the settlor or settlors during his lifetime, a living trust differs from a 'testamentary trust,' which is created by a will and only comes into force upon the death of the person who wrote the will. A living trust is a generic name for any trust which comes into existence during the lifetime of the person creating the trust. Most commonly, it is a trust in which the settlor receives benefit from the profits of the trust during his lifetime, followed by a distribution upon the death of the last settlor to die, or the trust continues on for the benefit of others (such as the next generation) with profits distributed to them. There are other types of living trusts including irrevocable trust, insurance trust, charitable remainder trust and some specialized trusts to manage some parts of the assets of a person.

Living Will:

Also called "a durable power of attorney", it is a document in which a person appoints someone as his representative to make decisions on maintaining extraordinary life-support if the person becomes too ill, is in a coma, or is certain to die. The living will permits a terminal patient to die in dignity and protects the physician or hospital from liability for withdrawing or limiting life support.

Beach bum trust provision:

A requirement in a trust that a beneficiary can only receive profit from the trust equal to the amount he earns. This provision is intended to encourage the beneficiary to work, and not just lie around the beach and live off the trust. ♦

BELIZE. A MATTER OF PERSPECTIVE

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Competitive advantages

However, a number of emerging Belizean service providers hold the view that this shortcoming is balanced by this country's great potential and competitive advantages. Being a former British colony, Belize is now governed by a stable democratic system of government that has remained unshaken through several changes in party rule, and has maintained a stable economy with its currency pegged to the US dollar since 1976.

Regardless, since there is no foreign exchange control on the accounts of offshore enterprises, there is no fear of being unable to access internationally denominated funds banked in Belize. In addition, Belize is technologically able to support worldwide communications links by telephone, internet and digital subscriber links, enabling businesses to operate without limitation from within the country.

Although Belize has maintained its client-confidentiality laws, it is working to put into place the necessary policies and operations to ensure it gains the respect it deserves as a principled and established financial centre.

With this in mind, the Financial Intelligence Unit is revising the Money Laundering Legislation and Guidelines, and is facilitating the training of members of the financial services sector from all areas of both the local and international fields in the detection and prevention of money laundering. With this in mind, the Belize Offshore Practitioners Association (BOPA) has spearheaded the training of financial services personnel to internationally-recognised standards.

Purposeful measures

With such a demonstration of interest in the international sector, the Belizean government has proven its willingness to support private sector involvement in the economy. This is a marked advantage that should inspire confidence in both local and international investors, because it sends a twofold message:

In the first instance, it shows how the Belizean government wants to see continuity in the domicile's international financial sector. Second, it tells the world the government is willing to do its part to ensure its growth and success.

Therefore, in seeking a jurisdiction for your financial venture, do not count out Belize until you have seen what she has to offer. Being relatively new and less established is not synonymous with being of little or no value.

It might be just the opposite, a chance to write a chapter in financial history as a pioneer, and in Belizean history as a mogul of the financial sector.

Ultimately, only you can tell if Belize is the place for you. Remember, it is all a matter of perspective. How do you see the glass of water called Belize: half-empty, or half-full?

Extracted from Belize Financial Services Review ♦

TELL US

The end of the summer marks the beginning of the conference and trade show season. We will listen to long-winded, aimless presentations geared towards the same offshore products as seen through the eyes of each jurisdiction and presenter. If you are lucky, you'll get a gifted speaker. If not, you'll listen to yet another professional marketing his company or professional services. It is all about the promotion and very little substance. But, for what it costs to attend these conferences, the speaker should do his best to put forth a point.

When speaking, bear in mind that most participants are either jetlagged or tired from networking the night before. People concentrate on the speech the first 90 seconds of the presentation, zone out during the beef of it, and zone back in the last 45 seconds. Make the best use of those brief moments. A speaker who believes to be immune to audience boredom must think again. If not, ask the guy who speaks right after lunch.

The Mens Sana Foundation website, www.menssana.org, shares quick tips to help a speaker tell the world about the subject matter and get off the stage with pride. Of course, you can apply the following to one-on-one conversations. Just keep it short and simple.

UPCOMING CONFERENCES

15th Oxford Offshore Symposium

Jesus College, Oxford, U.K.

Category: Investment

Date: September 4-10, 2005

www.offshoreinvestment.com

Practical Issues in Company Administration

British Colonial Hilton, Nassau, Bahamas

Category: Financial Services

Date: September 22, 2005

www.legalease.co.uk/conferences/conf_008_200905.pdf

Practical Issues in Trust Administration

British Colonial Hilton, Nassau, Bahamas

Category: Banking & Trust

Date: September 23, 2005

www.legalease.co.uk/conferences.htm

World Offshore Convention

El San Juan Hotel & Casino, San Juan, Puerto Rico

Category: Financial Services

Date: October 26-27, 2005

www.offshoreinvestment.com

Private Client Legal Forum 2005

Villa d'Este, Lake Como, Italy

Category: Legal

Date: November 10-12, 2005

www.legalweekevents.com

International Trusts Congress

London, U.K. (venue to be confirmed)

Category: Banking & Trust

Date: December 5-8, 2005

www.iir-conferences.com



Speaking tips

- **Speak from knowledge than from word.** If you have not lived it, you're not an expert in it.
- **Avoid "everyone knows" statements.** If it is not a fact, don't treat it as one.
- **Don't parrot.** Express your own thoughts and ideas, not those of others.
- **Use everyday language.** Avoid jargon, buzzwords, and clichés. When speaking internationally, avoid regionalisms, country jokes, etc.
- **Check for understanding.** If your message isn't clear, you are speaking in vain. English widely spoken in a country does not mean that it is widely understood.
- **Be expressive.** Everything you experience isn't "okay", "great", "bloody", "brilliant", or "right".
- **Choose your words with care.**
- **Seek to be understood, not to impress.** Put away your large vocabulary words. ♦

IBC SHORTS

OIL! OIL! In Belize? It seems so...

Belize Natural Energy Ltd. and its drilling partners say they've struck oil in Cayo, in the Spanish Lookout area, north of Belize City. A test well is producing light crude at the rate of 500 barrels a day. Studies are underway to determine if the production will be commercially feasible. Since the mid-1950s, more than 50 wells have been drilled in Belize.

Source: *Belize Times*. ♦

Government officials inspecting new oil rig in Spanish Lookout.



Belize commended

General John Craddock, Commander of US Southern Command, commended Belize for being the first Caribbean Community (CARICOM) member state to sign the Proliferation Security Initiative Ship Boarding Agreement. "This demonstrates the commitment of Belize to prevent the flow of weapons of mass destruction, their delivery systems, and related materials to and from states and non-state actors of proliferation concern. An important focus of our interaction with partner nations is to encourage a cooperative approach to regional problems," said Craddock. "Belize is to be commended for their efforts to maintain regional stability. I look forward to a continued strong relationship with the government and security forces of Belize." Source: *Caribbean Net News*. ♦

IBC Registry of Belize reports growth

Total incorporations from January - December 2004: 6,286

Total incorporations from January - June 2005: 6,230 ♦

Shorex Extravaganza 2005 Shanghai, China



Shanghai International Convention Centre



L-R: Agnes Chung (BCS (HK) Ltd),
Raymond Choi & Zoe Li



Mr. Raymond Choi, Managing
Director of Corporate Management
Services Limited, was the guest
speaker for Belize during this event

The IBC Review's Favorite Quotes: ON SPEECH

"Oh, how we need more free speech that is worth listening to."

"The recipe for a good speech includes quite a bit of shortening."

"A good speech is one with a good beginning and a good ending, which are kept very close together."

Weather you'll like it in Belize

The overall climate of Belize is sub-tropical. The humidity, while high, is seldom oppressive for long and is most noticeable along the coast. The mean annual humidity is 83%, but many days the humidity is masked by the cooling sea breezes. The coastal area is exposed to southeasterly trade winds averaging 10-13 knots and attains an uncanny consistency during the month of July.



Temperatures range from 30°F (10°C) to 95°F (35°C) with an annual mean of 79°F (26°C). November to January are traditionally the coolest months averaging 75°F (24°C); May to September are the warmest at about 81°F (27°C). Location is a big factor for temperature. Cayo, in the West, can be several degrees cooler than to the East, along the coast. During November at night, temperatures can drop to a beautiful 46°F (7.5°C) in Cayo. In the mountains, the coldest days and nights might seem relatively very cold and blankets will definitely be needed. However, the mean annual mountain temperature is a perfectly comfortable 72°F (22.5°C) ♦

REMINDER Annual Renewal

All active companies on the Register the 31st of December in a year shall pay the Registrar an annual licence fee before July 31st. There is a 10% increase for payment of fees received before October 31st. An increase of 50% will be applied to all renewals paid after October 31st. ♦

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