

International businesses are being robbed in Cyprus

A most dangerous precedent that opens the flood gates to a highly questionable, immoral solution to any future government bail-out



The devastating recent measures taken by the Cypriot government, encouraged and approved by the EU, the IMF and the ECB, have most certainly been recognised by the people for what they really are: legalised robbery.

A most dangerous precedent that opens the flood gates to a highly questionable, immoral solution to any future government bail-out: simply tap into the hard-earned funds of naïve depositors around the world who have entrusted local banks and their respective countries with their life savings (but no, of course they are all just Russian money-laundering drug barons who don't deserve any better) and just pay-off the high-rolling gambling debts and irresponsible investment decisions of an incompetent political elite who think themselves above the law.

Taking funds from one account to cover losses in another would put any banker, broker or business man on a fast-track to prison, but of course the government is above the law, can print its way out of debt or simply proceed to confiscate moneys of the innocent and uninvolved public.

Take the example of a technology start-up company which recently established a Cyprus holding company for its Asian telecom business.

Having been considered a tax-efficient European, EU compliant jurisdiction, Cyprus was the natural choice to domicile an SPV to shoot for an IPO and public listing on one of Europe's exchanges.

With institutional funding commitments in the high-seven figures, a successful IPO around the corner, substantial funds for business development deposited by its foreign shareholders in the country's largest bank, what could go wrong?

A 40% haircut (or possibly more) on the funds deposited in the country (money there to fund a business), capital restrictions, an uncertain time frame for future capital repatriations and the potential loss of a successful business venture are merely the tip of the iceberg in damages inflicted to hundreds and thousands of businesses and investors in this rapidly unfolding EU nightmare.

More fuel for the UK's arguments to leave the Eurozone? Certainly, it might possibly be too late.

The risk of contagion due to a rapid erosion of trust is high and should not be underestimated.

If one EU country gets away with robbery, why wouldn't another one, and another one and...

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