

*Panama's Corporation System and Bearer Shares in Comparative Perspective*

A Brief for  
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by

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## **Executive Summary**

This brief provides a comparative assessment of Panama's compliance with international standards of corporate beneficial ownership with special reference to bearer shares. The standards are those of the OECD Global Forum on Transparency and the Exchange of Information for Tax Purposes, and Recommendation 24 of the Financial Action Task Force.

Relative compliance is assessed both with reference to existing legislation, in line with the Phase 1 procedure of the Global Forum, but also in terms of actual effectiveness in practice, in accord with the rationale underlying both Global Forum Phase 2 reviews, and FATF Mutual Evaluation Reports. Panama's compliance with beneficial ownership standards are judged relative to the legal standards and actual practices extant in major OECD competitors, especially the United Kingdom and the United States.

The rationale for such a comparative approach is both in line with the principles of consistency, fairness and objectivity, endorsed by the Global Forum, and reflects the fact that in a world of mobile capital financial centres must retain international competitiveness, while also effectively meeting relevant regulatory standards. The brief does not take a stance in favour or against bearer shares per se. It is confined to the issue of companies, and thus excludes foundations, trusts and other types of corporate entities and legal arrangements from its purview. Because the particular contribution of this brief is to offer a comparative treatment, it does not extensively re-summarise Panamanian law on corporations, which is already readily available in other documents.

The first main finding of this brief is that a clear majority of OECD member states (20 of 34) allow bearer shares, and few have taken steps to immobilise this kind of shares. As such, the fact that Panama also allows bearer shares and has not immobilised them is consistent with typical OECD country practice. The second main finding relates to actual enforcement of beneficial ownership standards. Regulating bearer shares is important in ensuring corporate transparency. Yet studies of actual practice strongly indicate that Panamanian Corporate Service Providers are far more compliant with international standards than their counterparts in the United States, the world's most important financial centre and the largest incorporation jurisdiction. A review of the proposed US Incorporation Transparency and Law Enforcement Assistance Act supports the conclusion that untraceable shell companies are more common in the US than Panama.

In sum, an objective consideration of Panama's legal and material compliance with beneficial ownership standards indicates that this compliance is superior to that of the UK and US, notwithstanding Panama's bearer share companies.

The proper regulation of companies is a vitally important manner for combating tax evasion, money laundering, corruption, and a wide range of other financial crimes. Where companies cannot be linked back to the real individual or individuals in control (the beneficial owner), it can be used by criminals as a ‘corporate veil’ to separate, screen and conceal illicit financial flows (OECD 2001). A variety of detailed reports from international organisations, national governments, and non-governmental organisations have repeatedly emphasised the dangers of untraceable or anonymous companies that cannot be linked back to the beneficial owner (e.g. StAR 2011; FATF 2006; US Senate 2010, GAO 2006; Global Witness 2012). The G20 has recently placed a high priority on improving access to beneficial ownership information (G20 2010).

The structure of this brief is as follows. The first section outlines the relevant international standards mandating that authorities have access to information on the identity of companies’ beneficial owners. The second examines which OECD countries’ laws allow for bearer shares or bearer share warrants. The next section takes a closer look at bearer share warrants in the United Kingdom, probably the world’s second-most important financial centre. The fourth section shifts from an analysis of laws to actual compliance in presenting evidence on the relative performance of Panama and the United States, the world’s largest financial centre, when it comes to the practical availability of formally prohibited untraceable shell companies. The final substantive section sketches out the significance of the proposed US Incorporation Transparency and Law Enforcement Assistance Act.

## **International Standards on the Beneficial Ownership of Companies**

The proximate rationale for this brief is the OECD Global Forum’s peer review of the Republic of Panama. This process is divided into two phases: Phase 1 reviews assess jurisdictions’ legal and regulatory framework, while Phase 2 reviews assess the application of the standards in practice (Global Forum 2010a: 1). Importantly, the underlying philosophy of this exercise is to ‘promote universal, rapid and consistent implementation of the standards of transparency and exchange of information’ (Global Forum 2010a: 1). The OECD further states that the evaluation process must be fair, transparent and objective (Global Forum 2011: 1).

These issues of universality, consistency, fairness and objectivity are fundamental to the substance of this brief, both with regards to assessment of legal provisions, and in terms of actual policy practice. Thus if bearer shares are to be regarded as illegitimate, rightly or wrongly, then this judgment must be applied to all Global Forum members. Conversely, if some members are allowed to maintain bearer shares without criticism or pressure to change this state of affairs, then all members should have the same prerogative. If consistency in laws is important, consistency in the actual application of these laws is even more important. Laws that apply only in theory but not in practice will of course do nothing to reduce the prevalence of shell company-enabled financial crime.

A key concern for Phase 2 reviews is ‘the degree to which in practice information is maintained and by whom’ (Global Forum 2011: 6). As the terms of reference state: ‘Effective exchange of information requires the availability of reliable information. In particular, it requires information

on the identity of owners and other stakeholders' (Global Forum 2010b: 3).

More specifically, the applicable standards for the Global Forum in relation to the availability of company ownership information read as follows:

A.1.1: Jurisdictions should ensure that information is available to their competent authorities that identifies the owners of companies and any bodies corporate. Owners include legal owners, and, in any case where a legal owner acts on behalf of any other person as a nominee or under a similar arrangement, that other person, as well as persons in an ownership chain.

A.1.2 Where jurisdictions permit the issuance of bearer shares they should have appropriate mechanisms in place that allow the owners of such shares to be identified. One possibility among others is a custodial arrangement with a recognized custodian or other similar arrangement to immobilize such shares.

A.1.1 references the FATF Recommendations in a footnote (Global Forum 2010b: 4 fn 5) to specify the need for beneficial ownership information, rather than just legal owners.

The relevant FATF standard is from February 2012 Recommendation 24, which reads in part:

Countries should take measures to prevent the misuse of legal persons for money laundering or terrorist financing. Countries should ensure that there is adequate, accurate and timely information on the beneficial ownership and control of legal persons that can be obtained or accessed in a timely fashion by competent authorities. In particular, countries that have legal persons that are able to issue bearer shares or bearer share warrants, or which allow nominee shareholders or nominee directors, should take effective measures to ensure that they are not misused for money laundering or terrorist financing (FATF 2012: 22).

This language has changed very little from the earlier standards adopted in 2003, which also have a specific caveat in relation to bearer shares.

The applicable international standards relating to the availability of beneficial ownership information are thus quite clear. Not only are the OECD and FATF standards highly congruent, but these standards have been endorsed by a wide variety of other international regulatory bodies, including the Bretton Woods institutions.

In principle, the OECD has specified three routes to obtain beneficial ownership information: in the company registry, via a Corporate Service Provider (CSP), or through strong law enforcement powers (OECD 2001; see also FATF 2009). The latter has been identified as the least promising, in that no matter how sweeping law enforcement agencies' investigative powers may be, if no beneficial ownership information is collected when a company is established, there is simply nothing there to be seized, especially in the case of foreign customers (OECD 2001: 84-85; FATF 2009: 6).

Information held by company registries often provides a crucial first port of call for regulators and investigators looking for more information on company ownership. Yet such registries do not provide a solution to the issue of establishing beneficial, as opposed to legal, ownership of companies. Registries generally function as passive archives. In few if any countries does the registry have the capacity, or even the inclination, to hold and verify identity documentation on the real owner of a given company (StAR 2011: 7, 70). Prominent FATF members, including the United States, have expressed their strong opposition to any requirement whereby registries would have to maintain a record of beneficial ownership (FATF 2009: 7).

By and large it is the third option, enforcing a Know Your Customer duty on those professional intermediaries that form and maintain companies that is regarded as the most promising avenue for ensuring the availability of beneficial ownership information (StAR 2011: 7). In turn, imposing this KYC obligation requires that such CSPs are licensed and regulated. Panama achieves this goal by restricting company formation to lawyers and law firms, and imposing a KYC requirement upon them. Many prominent OECD countries fail to regulate their CSPs, including the United States, and those that do often fail to impose a duty to know the beneficial owner of the companies established by the provider.

### **A Question of Law: Which OECD Member Countries Allow Bearer Shares?**

As noted above, the Phase 1 review process relates to questions of law rather than practice, and following this logic the current section examines which countries allow for bearer shares or equivalent like bearer share warrants. Harking back to the Global Forum’s fundamental commitment to universality, consistency, fairness and objectivity, it is germane to ask whether Panama’s commitment to bearer shares is consistent with the laws of other major financial centres and OECD member states.

*Table 1: OECD States Allowing Bearer Shares or Bearer Warrants*

Austria	France	Israel	Portugal	Switzerland
Canada	Germany	Korea	Slovakia	The Netherlands
Czech Republic	Greece	Luxembourg	Slovenia	Turkey
Denmark	Ireland	Poland	Spain	United Kingdom

(Sources: Tax Co-operation 2010: Towards a Level Playing Field: An Assessment by the Global Forum on Transparency and Exchange of Information for Tax Purposes. Paris, pp.176-188; IMF Financial Sector Assessment Program Report on Greece’s Observance of Standards and Codes FATF Recommendations 2009 pp.9-10; MONEYVAL Third Round Detailed Assessment Report on Poland. Strasbourg 2007: 125).

As can be seen from the table above, a clear majority of OECD member states (20 of 34) allow bearer shares or bearer share warrants. From the information provided in the Tax Co-operation 2010 report, few if any of these countries have immobilised their bearer shares. What restrictions there are on this type of instrument seem to apply only to publicly traded companies. Yet such a

restriction misses the point that it is privately-held companies that pose the far greater risk when it comes to tax evasion and other forms of financial crime.

Not only do a majority of OECD member states allow mobile bearer shares, there is no discernable movement towards their abolition. While Delaware, Nevada and Wyoming have abolished bearer shares in the period 2002-2007, the UK has recently re-affirmed its commitment to bearer shares in its section 779 of the 2006 Companies Act, which reads:

(1) A company limited by shares may, if so authorised by its articles, issue with respect to any fully paid shares a warrant (a “share warrant”) stating that the bearer of the warrant is entitled to the shares specified in it.

(2) A share warrant issued under the company’s common seal or (in the case of a company registered in Scotland) subscribed in accordance with the Requirements of Writing (Scotland) Act 1995 (c. 7) entitles the bearer to the shares specified in it and the shares may be transferred by delivery of the warrant.

(3) A company that issues a share warrant may, if so authorised by its articles, provide (by coupons or otherwise) for the payment of the future dividends on the shares included in the warrant.

In September 2011 the author posed the question of whether the British government had any intention of either abolishing or immobilising bearer shares to an official from the UK Treasury; the answer was no on both counts (Author’s interview, London 8 September 2011).

In sum, judging by the laws of a majority of OECD member states, the presence of bearer shares is wholly unremarkable and a fairly typical arrangement. In almost no case have these OECD states moved to immobilise these bearer shares. Given these facts, and given the OECD and the Global Forum’s oft-expressed commitment to the principle of the level playing field, it must explain why it finds the presence of Panamanian bearer shares so objectionable compared to those issued by the 20 countries listed above. In the absence of such an explanation, pressure on Panama to abolish or immobilise bearer shares would seem to be a conspicuous incidence of double standards, and a substantial deviation from the principles of fairness, consistency, universality and objectivity to which the Forum claims to be committed.

### **Bearer Shares in Practice: A Closer Look at Bearer Share Warrants in the UK**

Phase 2 of the Global Forum review process moves from the focus on laws and regulations to practice. Mirroring the shift in emphasis in the FATF Mutual Evaluation Review process towards an emphasis on effectiveness, this shift is to be entirely welcomed. Common sense makes clear that the presence of laws on the books gives no indication of whether these laws are actually enforced. This principle applies with particular force to the issue of the beneficial ownership of companies and bearer shares. With this principle in mind, this section considers bearer share warrants in the UK, while the next examines actual compliance with international beneficial ownership standards in the United States.

The latest FATF Mutual Evaluation Review of the UK notes that ‘The UK authorities have stated that the issue and use of share-warrants to bearer is rare and that they do not pose a risk in the context of financial crime. No special measures are in place to ensure they are not misused for money laundering purposes’ (FATF 2007: 235). It is quite unclear as to why the FATF would take these assurances at face value. If the UK can allow companies with mobile bearer shares, without posing a substantial risk of money laundering, it is unclear why any other country could not offer the same service in a fairly risk-free manner.

Yet the next paragraph of the report seems to provide an example of a UK bearer share company being used for tax evasion:

[A] non-UK national owning a yacht in the Mediterranean may register ownership of his yacht under a UK registered company thereby entitling the yacht to fly the UK flag. The shares in the company would issue to a particular person and then be exchanged for share-warrants to bearer. The yacht would not attract the attention of the national authorities of the owner, who may not wish to openly display his wealth for tax purposes (FATF 2007: 235-236).

In this context, not wishing to openly display wealth for tax purposes seems to be a euphemism for engaging in or facilitating tax evasion.

The report further claims that bearer shares are ‘very rare in practice’ (FATF 2007: 119), yet again the basis for this statement is uncertain. A prominent British CSP website describes England and Wales bearer shares companies as ‘our most popular package with UK residents’. The website goes on to relate the appeal of such companies as follows:

The trick behind Bearer Shares... is that they must be issued properly by a qualified and knowledgeable corporate director. As long as you do not have them in your possession at the time you are questioned, you can legally and truthfully say under oath, “I am not the owner of that corporation.” It’s always recommended that people keep their bearer shares. This way, if your nominee officer is ever questioned about your corporation, he can say the same thing: “Bearer shares were issued, I don’t know who owns the company, and I can prove it.”

Given that the rest of the rationale of this form states that the customer will retain control over the company (the director is a nominee), this is clearly a scheme to hide beneficial ownership, as is explicitly laid out further in the website:

By using our nominee service, [the CSP] will become the registered nominee director and/or secretary of your company, and no public record of the active beneficiary will exist... We will provide the beneficial owner with a power of attorney empowering him or her to run the business, manage the company’s activities, and open and operate the company’s bank accounts... The beneficial owner will take full legal and financial responsibility for the running of the

company. We will also provide pre-signed, undated letters of resignation from the nominee director.

Simple internet searches reveal no shortage of other British CSPs willing to form UK bearer shares companies on a same-day basis for a few hundred pounds or less. The selling points listed on these providers' websites commonly include the ability of such companies to hide the beneficial owner.

As noted, the assurance in the UK Mutual Evaluation Report that bearer shares companies are rare does not seem to have much basis in evidence, and tends to be undermined by the marketing of some British CSPs. To what extent are UK bearer shares companies used by criminals? Answering this question runs up against the difficulty of any research on tax evasion, money laundering and related financial crime, namely that the large majority of offences are never discovered. Nevertheless, commentary by one informed commentator suggests that British bearer share companies may indeed be commonly used by criminals.

Martin Woods is a former senior AML Compliance officer at the US Wachovia Bank who was dismissed for refusing to remain silent about the bank's complicity in laundering the proceeds of the Mexican drug trade. In 2010 Wachovia admitted to failing to apply proper AML scrutiny to \$378 billion in transfers, at least several billion of which represented the profits of the Sinaloa drug cartel. Woods now runs a private AML firm, Hermes Forensics. According to Woods, UK bearer share companies (along with New Zealand companies) are now one of the corporate vehicles of choice for organised crime. This is especially true of criminal gangs from Eastern Europe (Author's interview, London, 18 May 2012).

Beyond the issue of bearer shares, other surveys of UK shell company regulations have come up with some disquieting findings. A 2012 report by the NGO Global Witness notes the use of British shell companies to obscure beneficial owners involved in moving hundreds of millions of pounds of suspected corruption proceeds through the international financial system. In the case of one of the companies, the individual listed as the beneficial owner had actually died two years before the company was formed (Global Witness 2012). Yet the actual compliance record of the United States on company regulation is in many ways even more delinquent than that of the UK, as demonstrated by the evidence below.

### **Compliance with Beneficial Ownership Standards: The United States and Panama**

Rather than being an end in itself, regulating bearer shares is a means to an end: ensuring the transparency of corporate vehicles. Thus FATF's caution with regards to bearer shares is part of the overall rule that specifies authorities must have 'adequate, accurate and timely information on the beneficial ownership and control of legal persons' (Recommendation 24). So in an important sense the question of bearer shares is only meaningful in the context of a jurisdiction's overall record of corporate transparency in relation to beneficial ownership. How does Panama compare on this score? This section makes a brief comparison of Panamanian and US compliance. It finds that although bearer shares in the United States were abolished in 2007, this has not substantively improved the poor performance of the US in relation to OECD and FATF standards on beneficial ownership, which remains markedly inferior to the performance of Panama measured against these

same standards.

Why is a comparison with the United States relevant? The United States is the world's largest economy and financial centre, as well as being the largest market for illicit drugs. Approximately 2 million corporations of various types are formed in the United States every year (compared with approximately 40,000 annually in Panama), many by foreigners. Given the enormous scale of general economic activity and company formation, to the extent the US does not enforce international standards in this area, other countries' efforts will be irrelevant. The United States is the most important country in determining whether the international beneficial ownership rules are effective or not.

In 2006 two retired US IRS officials, Michael McDonald and Steven Smith, decided to directly test incorporation requirements in the United States and Panama. McDonald and Smith used a Nevada CSP to form one company in New York and another in Florida, and then opened internet bank accounts for each. They did not have to provide proof of identity, or their Social Security Numbers, and used the name of a pet dog for one of the company officers. They then used a Panamanian CSP to establish a third shell company in Panama with an associated bank account. In contrast to their experience in the United States, however, for the Panamanians Smith and McDonald had to provide notarised copies of the picture page of their passports, and similarly notarised copies of their driver's licenses. They then made wire transfers between their three shell company bank accounts, which were in effect untraceable because of the lack of due diligence carried out by the US provider. The ex-IRS officials explicitly noted how lax US standards were relative to those in Panama

([http://www.usatoday.com/money/companies/2007-03-19-money-laundry-usat\\_N.htm](http://www.usatoday.com/money/companies/2007-03-19-money-laundry-usat_N.htm)).

The example above may be dismissed as a single isolated incident, however, now somewhat dated. Yet there is a considerable volume of more recent, and more systematic, evidence that indicates the continuing relevance of this case. The US government itself has produced a great deal of convincing evidence that US shell companies are routinely involved in major financial crime, both at home and abroad (GAO 2006; FinCEN 2007; Levin 2011). This extends to international terrorists (like Viktor Bout), major drug cartels, and corrupt senior officials from the developing world (US Senate 2010). The US routinely fields requests from foreign law enforcement agencies on the beneficial ownership of US corporations, though the US authorities frequently cannot supply this information (Levin 2011). A recent World Bank/United Nations Office on Drugs and Crime Stolen Asset Recovery (StAR) report noted that US corporations are used in laundering the proceeds of corruption more than those of any other country (StAR 2011: 121).

This last study went on to find that in terms of general performance in regulating shell companies:

By far the worst performer of the countries reviewed is the United States. Out of 27 service providers under US jurisdiction returning a valid response, only 3 said they asked for any form of identity documentation, whereas the others (24) were prepared to form companies without conducting any due diligence whatsoever (StAR 2011: 92).

In stark contrast, all five Panamanian CSPs contacted were compliant with international standards in insisting on notarised copies of government-issued photo identity documents before forming a shell company (StAR 2011: 140-141).

Where the Stolen Assets Recovery report and various US government publications have been forthright in their criticisms of the United States when it comes to shell companies, the Global Forum has been noticeably more deferential in ignoring or down-playing these key failings. This forgiving attitude is especially apparent with regards to the decision to allow a combined Phase 1 and Phase 2 review of the United States, in sharp contrast to the staggered and conditional progress from Phase 1 to Phase 2 imposed on Panama and many other less powerful countries.

An even larger and more recent study once again supports the conclusion that the standards of corporate regulation in Panama are significantly higher in relation to beneficial ownership than those of the United States (Findley, Nielson and Sharman 2012). The study was premised on impersonating 21 fictitious characters, including obvious corruption, money laundering and terrorist financing risks, and soliciting offers for shell companies from CSPs. Using these fake identities, the authors made 7,466 approaches to 3,773 CSPs in 182 countries to determine how easy it was to obtain a shell company without having to provide any identification documents, i.e., how easy it was to obtain an untraceable shell company in contravention of global standards. Not only did Panamanian CSPs require identity documents significantly more often than those contacted in the United States, but the Panamanian providers were also significantly more compliant than those in the UK, Australia and Canada. Even in the case of the customers who posed an obvious terrorist financing risk, 32 of the 90 replies received from US CSPs were prepared to sell a shell company while performing absolutely no customer due diligence. Of the 115 replies received in response to the obvious corruption risk, 54 again offered to provide similarly untraceable shell companies (Findley, Nielson and Sharman 2012: 20).

It is notable that, despite the major differences of scale, the studies by Smith and McDonald, the World Bank/UNODC and Findley, Nielson and Sharman all paint a consistent picture whereby international beneficial ownership standards are enforced much more rigorously in Panama than in the United States. Furthermore, the latter two studies indicate that providers in other OECD countries are much more likely to violate international standards by providing untraceable shell companies than those in Panama. This kind of direct evidence is a much more valid and reliable indication of actual compliance than the evaluation techniques used by the Global Forum, FATF or other international organisations, which tend to either take formal laws at face value, or merely tally up total prosecutions and convictions.

### **The Prospects for Change in the United States**

A final point on the United States relates to the likelihood of change in the governance of shell companies. Currently the United States presents a danger to the international financial system because of the lax or non-existent regulation of its shell companies. Might this change in the near future? At time of writing, it seems that significant legislation to reform US laws in this area may be introduced in the Senate shortly after the 2012 presidential election, namely the Incorporation Transparency and Law Enforcement Assistance Act. It is worth considering what this proposed

legislation reveals about the current state of US regulation, the proposed reforms, and the chances of such a bill being passed into law.

The impetus for the legislation is that US CSPs are unregulated (unlike Panama), and hence under no obligation to collect and file proof of customer identity (again, unlike in Panama). As the Senator introducing the legislation (Carl Levin) has previously noted, American laxity in this domain provides ‘an open invitation for wrongdoers to form entities within the United States’, noting many examples of money launderers, corrupt officials and terrorists furthering their activities with US shell companies. Levin noted how the Bahamas, the Cayman Islands and the Channel Islands all have superior regulation on company beneficial ownership (Levin 2011).

The proposed US legislation would impose a legal duty on states to add a question to annual company renewal forms asking for the name and address of the beneficial owner, as well as a number from a US driver’s license or passport. Non-residents who do not hold a US license or passport would have to supply proof of identity with reference to a foreign passport. Supplying false information would be a felony. The information would be held either by state authorities, or registered agents. As in Panama, there would be no obligation to make this information public, though it would be provided to law enforcement agencies on production of a subpoena. This legislation would mark a welcome advance on current US under-regulation, but it would at best only bring the United States up to the standard that Panama achieved many years ago.

As noted in the Executive Summary, the particular contribution of this brief is to offer a comparison of Panamanian law and practice relative to those of OECD competitors, rather than merely presenting another summary of national laws and regulations in isolation. However, it is relevant to briefly relate Panamanian standards to those now existing in the US, and those proposed in the Levin bill. Executive Decree no. 468 of 8 September 1994 created a Know Your Customer duty for Registered Agents (CSPs) of Panamanian corporations, including those with bearer shares. These Registered Agents are publicly identified in the company registry, and are regulated, in that since 1966 only a licensed lawyer or law firm may exercise this role. This obligation was reinforced by Law 2 of 2 February 2011 which creates penalties for Registered Agents who fail to carry out their KYC duties. In practice, Panamanian CSPs establish clients’ identities with reference to copies of government-issued photo identity documents, usually passports. As noted above, from the 2011 StAR report’s solicitation exercise, this system actually works in practice, in that CSPs do in fact carry out their legal KYC obligations. Thus Panama already has a functioning system for establishing the beneficial ownership of companies, including bearer share companies, that is at least as strong as that proposed under the US Incorporation Transparency and Law Enforcement Assistance Act.

Unfortunately, however, the chances of the US bill passing look small, and so the likelihood of the US meeting Panamanian standards of beneficial ownership regulation are correspondingly remote. The bill has been introduced on three previous occasions without coming close to success. Given the opposition of powerful US corporate interests, and the notable lack of any external pressure from the OECD and the Global Forum for the US to meet international standard in this area, once again the bill’s chances look slight.

In sum, the single most important country in the global financial system, the United States, is clearly inferior to Panama in its regulation of company beneficial ownership information. The fact that the US does not have bearer shares is largely irrelevant, in that anonymous, untraceable shell companies are in practice readily available from American CSPs.

## **Conclusion**

The OECD and the Global Forum have repeatedly stated their commitment to the universal and consistent application of standards on transparency and information exchange according to a fair, transparent and objective process. This commitment applies both to the standards passed into law, and the actual implementation and enforcement of these standards in practice. Few standards on transparency and information exchange are as important as that relating to information on the identity of companies' beneficial owners.

In this context, it is unclear why the failure to abolish or immobilise bearer shares in Panama in and of itself is a problem. As a matter of law, most OECD countries likewise allow bearer shares, and have not immobilised them, including important financial centres like the UK. As a matter of practice, available evidence strongly suggests that Panama is significantly more compliant with international beneficial ownership standards than many OECD countries, and especially the United States. In light of this evidence, it is difficult to take the above-mentioned commitments by the OECD to fairness, consistency and objectivity at face value in its treatment of Panamanian bearer shares.

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Furthermore, the models of comparative advantage used together with models of competitive advantage have the potential of offering a much richer analysis of international trade/business, normally not available with either the model(s) of comparative advantage or the model(s) of competitive advantage alone. The major aim of this paper is to establish a link between the principles of comparative and competitive advantage, and outline a synthesis of the two principles as a guiding force for gauging success of nations and/or firms in international trade/business. A Framework for Comparative Advantage

- Anonymous Ownership: Panama corporations allow "bearer share corporations" meaning that the share certificates may be issued in Bearer form (Bearer Shares are an anonymous form of ownership), with or without par value. Neither the directors nor the officers of Panama corporations need to be shareholders. Nominative share certificates can also be issued privately (share certificates issued to a specific name, but not registered publicly).
- No Capital Requirements: Panama corporations do not require Paid-In Capital, nor is there a time limit in which authorized capital must be fully paid.
- D How a Bearer Share Works. Bearer shares lack the regulation and control of common shares because ownership is never recorded. Bearer shares are similar to bearer bonds, which are fixed-income securities belonging to the holders of physical certificates rather than registered owners. Bearer shares are often international securities, common in Europe and South America " although the use of bearer shares in these nations has dwindled as governments crackdown on anonymity-related illegal activity. While some jurisdictions, such as Panama, allow the use of bearer shares, they impose punitive tax with

Within the framework of this article, the authors undertake a comparative legal analysis of the foundations of the political and legal structures of the EU and the EAEU, identify their key features, and identify the essence of supranational constitutionalization. One task is to determine how EU experience can be useful for the EAEU.