



INSIDER

News and
Information
for Members
and Friends
of GGI

Issue No. 94 | March 2018

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GGI European Regional Conference in Berlin

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Editorial

**Dear GGI Members,
Dear Friends,**

What news from the world of GGI? Once again, there are a number of important GGI conferences coming up over the next two months and we are pleased to provide a little more information on these. This year's European Regional Conference is fast approaching, with Berlin in Germany playing host to what promises to be a stimulating event. An interesting networking platform awaits the large number of participants. Renowned speakers will share new ideas and Conference attendees will have the opportunity to exchange experiences, best practices and ideas in the interactive part of the event.

During 18-20 May 2018, GGI's Australian Business Summit will be held in Perth, Australia, and the GGI North American Regional Conference will be held in Denver, CO, USA, during 21-24 June 2018.

This issue of Insider once again reports on successful events which have taken place. These include the meeting of Global Practice Group Chairpersons in Zurich in February, while the Middle East African Regional Conference was held in Marrakech and the Global Tax Summit brought together GGI experts from around the world to Marbella, Spain.

Read on to discover all the other news from a GGI sponsor and GGI member firms.

Jeroen Kruithof (The Netherlands) reports on Cybercrime and important measures to prevent it, while Sanja Djukic and Tijana Milacic (Bosnia & Herzegovina) explain how the Labour Laws in Bosnia & Herzegovina have been adopted closer to EU legislation. Meanwhile, Kim Kikivarakis-Dillett (The Bahamas) shares information on The Bahamas real estate market, and Prof Robert Anthony (France) explains why the preparation of annual accounts for a French SCI is required.

On the Practice Group pages, Practice Group members report from their field of practice. In addition, to help you get an idea of what to expect during Practice Group meetings in Berlin, we publish Practice Group meeting summaries of the scheduled meetings.

We hope you enjoy reading Insider and would also like to extend our warmest greetings to all who have celebrations at this time of the year. May you, your families and friends enjoy a very happy Easter and Passover.

Your GGI Team

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Diary

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|--|---|---|
| → 19-22 April 2018
GGI European
Regional Conference
Berlin, Germany | → 07-09 September 2018
GGI Nordic-Baltic Meeting
Copenhagen, Denmark
& Malmö, Sweden | → 09-11 November 2018
GGI German-Speaking Chapter
Budapest, Hungary |
| → 20-22 April 2018
GCC M&A
Dealmakers Meeting
Berlin, Germany | → 20-22 September 2018 (TBC)
GGI Best Practices &
Developing Leaders Conference
Québec City, QC, Canada | → 29 November-02 December 2018
GGI Asia-Pacific
Regional Conference
Bali, Indonesia |
| → 18-20 May 2018
GGI Australian
Business Summit
Perth, Australia | → 17-18 October 2018
GGI Latin American
Regional Conference
Buenos Aires, Argentina | → 01-03 February 2019
GGI PG Chairpersons Meeting
Zurich, Switzerland |
| → 21-24 June 2018
GGI North American
Regional Conference
Denver, CO, USA | → 18-21 October 2018
GGI World Conference
Buenos Aires, Argentina | → 09-12 May 2019 (TBC)
GGI European
Regional Conference
Prague, Czech Republic |
| → 22-24 June 2018
GCC M&A
Dealmakers Meeting
Denver, CO, USA | → 19-21 October 2018
GCC M&A
Dealmakers Meeting
Buenos Aires, Argentina | → 10-12 May 2019 (TBC)
GCC M&A
Dealmakers Meeting
Prague, Czech Republic |
| → 06-08 July 2018
GGI French-Speaking Chapter
Brussels, Belgium | → 02-04 November 2018
GGI EasyMeet
Venice, Italy | |

Please refer to our website
for actualised information
and additional events:
www.ggi.com > Events

Berlin, Germany | 19-22 April 2018

GGI European Regional Conference

GGI member firms AIOS, FPS and Wendler Tremml kindly host this year's GGI European Regional Conference in Germany's capital.

The two keynote speakers promise to inspire the audience and provide input for vivid discussions. In the elegant atmosphere of the Hotel Adlon Kempinski, GGI members not only from Europe but also from further afield will have many opportunities to renew connections with old members, connect with new members, discuss the latest trends in their regions and industries, and, of course, exchange worldviews.

First keynote speaker, Prof Dr Gunnar Heinsohn, will provide an overview of the 'Global Situation 2018'. Prof Dr Heinsohn has over 1,000 publications and is a Professor Emeritus at the University of Bremen. Four of his works are recorded in the *Lexikon ökonomischer Werke* (Encyclopaedia of Economic Works, 2006), which covers the



Prof Dr Gunnar Heinsohn

650 most important economic texts. In 1993, he founded Europe's first institute devoted to comparative genocide research. In his bestseller, *Söhne und Weltmacht* (Sons and World Power, 2003) he predicted the Arab Spring of



Dr Richard Tromans

2011. He also developed the first war index for anticipating the translation of extreme birth rates into future violence.

He predicts that the increasing scarcity of the high-skilled will lead to the mutual cannibalisation of the leading nations' top talent. Only those who keep their best in the country, recruit experts worldwide and close their borders to the low-skilled will survive.

Prof Dr Heinsohn has taught military demography at the NATO Defense College (NDC) in Rome, Italy, and ownership economics at the Management Zentrum St Gallen (St Gallen Management Centre, MZSG) in Switzerland.

Second keynote speaker, Richard Tromans, advises lawyers on strategy and innovation, including the adoption of legal Artificial Intelligence (AI) and other 'New Wave' technology. He has spent over 18 years working in the legal sector focused on the UK and the global legal markets. At this event he will talk about 'AI and Professional

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Berlin, Brandenburg Gate

Services', which will no doubt be of interest to all GGI members.

All GGI Practice Groups have organised sessions during the European Regional Conference. You can read the Practice Group meeting summaries in the Practice Group section of this INSIDER issue.

There are limited spaces left for this event. GGI members who have not yet done so are invited to register online, using the registration link provided within the internal area of our website www.ggi.com (Member Login > GGI Events > Upcoming Events). The conference programme is also available on the website.



During the Trabi Safari, you might have the opportunity to drive one of these cult cars

Perth, Australia | 18-20 May 2018

GGI Australian Business Summit

The GGI Australian Business Summit will be held in Perth during 18-20 May 2018, fully organised and hosted by GGI member firm Westcourt Chartered Accountants.

The primary benefit of holding the annual Summit in Perth is to enjoy

an understanding of the different economic dynamic that Perth offers that is simply not available anywhere else in the region. With a counter cyclical economy that is based mainly on energy and natural resources, agriculture, food processing and tourism (includ-

ing education), Perth gives business operators a level of diversification and stability to a business and investment portfolio.

Keynote speakers will talk about the property investment opportunities available within Perth. This will give attendees a chance to understand the property cycle that is now just emerging from a cyclical downturn with many economic commentators predicting an increase in values moving forward. Speakers will also discuss future population growth trends and highlight how Perth will increase from a current population of 2m to 3.6m people by 2036.

The short programme is designed to be intensive and give visitors an insight into the beautiful city with vibrancy and development. A walking tour has been included through the newly built Elizabeth Quay that has an AUD 2.6bn works program. Attendees will also visit the nearly completed Perth



London Court shopping in Perth, Australia

City Link programme (which is right next to the host firm's office). Perth City Link is where the central railway line has been sunk below ground connecting the city together and attracting a total of 16,500 new residents above the railway line by itself. Participants will also visit the new Perth Stadium that was completed in February that can hold 60,000 spectators.

GGI host firm, Westcourt Chartered Accountants, will also present technical insights into their family governance advisory parts that firms can relay back to their own practice and a tour of Westcourts's offices in Northbridge (which is right next to the City CBD and railway line).

Of course the main focus of the Summit is to bring GGI firms together so plenty of time has been planned simply for firms to mingle in an informal setting and over spectacular meals. The Gala Dinner will be held in Kings Park overlooking the city. Kings Park is a massive natural park in the centre of Perth that is over 1,000 acres and is a truly unique part of the world. There is also a significant amount of spare time where interested attendees can visit City Beach to witness the most magnificent sunsets.

Attendees also have the option of extending their trip and going to the



Perth, Australia

world class wineries down south or taking a short boat ride and staying at Rottnest island for an insight into the convict heritage and war efforts.

Importantly, host firm Westcourt Chartered Accountants simply wants everybody to enjoy their time in Perth and to make great business connections across Australia, New Zealand and South East Asia. They would love to see many of you there.

GGI member firm

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Denver, CO, USA | 21-24 June 2018

GGI North American Regional Conference

Come away to Colorado with GGI this summer. GGI member firm Welborn Sullivan Meck & Tooley, P.C. are waiting eagerly to welcome you and show you their city.

We are pleased to announce that we have two very special keynote speakers

for this event: Prof Mark A. Cohen and Gale Crosley.

Prof Mark A. Cohen is a global thought leader in the legal industry. He is presently the Chair of the Advisory Board and Chief Strategy Officer at Elevate; a Distinguished Fellow at

Northwestern University Law School; a regular contributor to Forbes where he has a column on the global legal marketplace; a sought-after keynote speaker; and CEO of LegalMosaic, a legal business consultancy and repository

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for his work. His LegalMosaic blog was recently honored by the ABA as one of the 50 outstanding worldwide legal blogs in their inaugural “Web 100.”

Gale Crosley, CPA, consults with accounting firms on revenue growth. She has received the accounting profession’s ‘The Advisory Board Hall of Fame.’ She has also been selected one of the Most Recommended Consultants in the Inside Public Accounting BEST OF THE BEST Annual Survey of Firms for fourteen consecutive years, and one of the Top 100 Most Influential People in Accounting by Accounting Today for twelve consecutive years. She is an honors accounting graduate from the University of Akron, Ohio, winner of the Simonetti Distinguished Business Alumni Award, and is an Editorial Advisor for the Journal of Accountancy. Gale has helped hundreds of large and large-thinking firms, both domestic and international, create high growth cultures, driving revenue from all aspects of the firm. Her cornerstone book, *At the Crossroads*, chronicles the challenges and successes of a fictional CPA firm struggling with growth.

We know that both of these speakers will provide you with much food for thought, as well as many actionable bullet-points to bring back to the office afterwards.

Currently, the programme is still be-



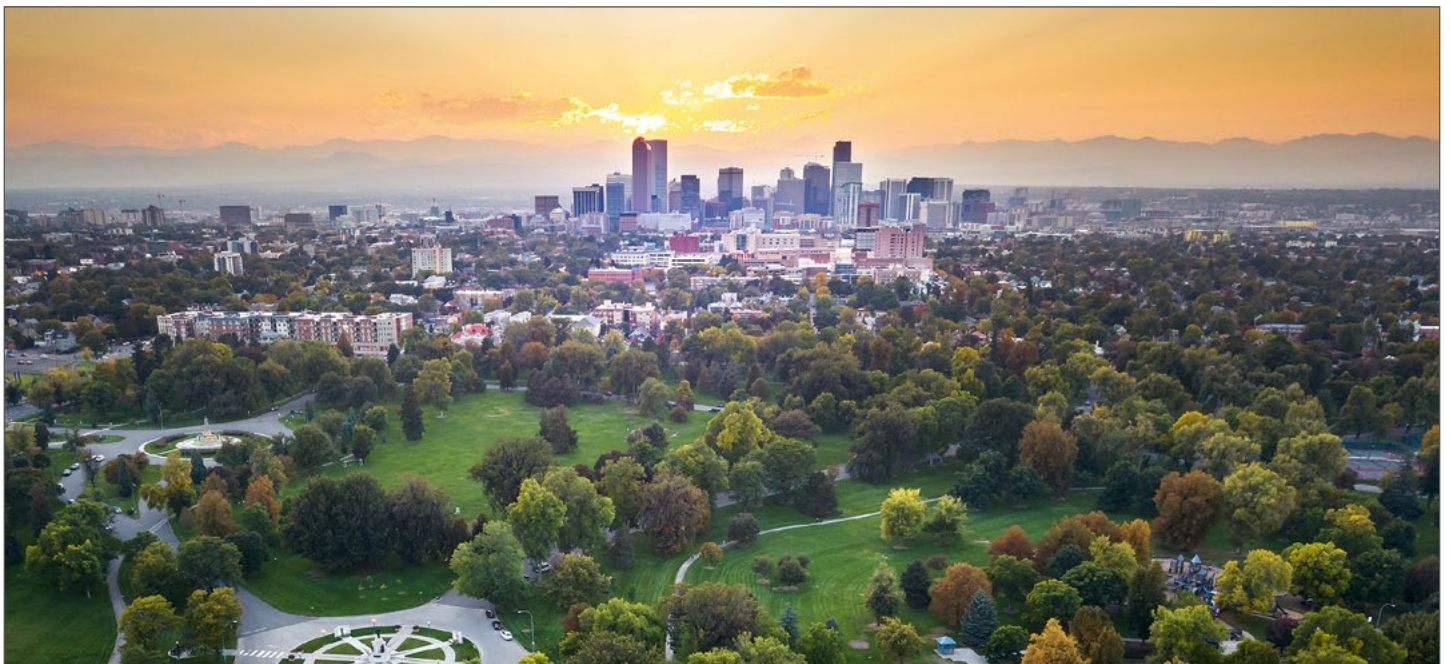
Pedestrian Mall in Denver, Colorado

ing developed and we would welcome any suggestions for workshops for the Saturday morning. Please contact Linda Soriton (soron@ggi.com), GGI Head of Conferences & Events, if you would like to contribute.

This Conference in Denver will be the first time that GGI runs the North American regional chapter meetings. After the Workshops on Saturday morning, these meetings will be held for the following chapters: Northeast, Southeast, Central (Texas, Colorado and Kansas), Upper Midwest, and the West Coast. Members from these

regions are invited to attend and to contact Adam Crowson (crowson@ggi.com), GGI Regional CEO North America, for further information if they would like to be more involved.

GGI members from North America, as well as any other members who have business interests in the region, are invited to join the event by registering online, using the registration link provided within the internal area of our website www.ggi.com (Member Login > Events > Upcoming Events). The draft conference programme is also available here.



Sunset over the city



Elisabeth Weingraber-Pircher and participating Practice Group Chairpersons

02-04 February 2018, Zurich, Switzerland

GGI Practice Group Chairpersons Meeting

The annual Practice Group Chairpersons Meeting took place in Zurich once again this year. The Practice Groups are a key element of GGI's professional activity and this event is a wonderful platform for GGI's Global Chairpersons to strategise together with regards to developing each of their respective Practice Groups.

In traditional GGI style, the weekend began with food. On Friday evening, participants met together for dinner at the Restaurant Zunfthaus zur Haue, in the heart of the Zurich's old town. The restaurant provided an informal and cosy atmosphere for everyone to meet each other for the first time this year, as this was the first event in the GGI calendar for the year.

Bright and early on Saturday morning, GGI Global CEO Michael Reiss von Filski provided an update and overview on the mission, objectives, structure and development of GGI's Practice Groups. It was an interesting presentation which also looked at the challenges faced by the Practice Group



Interactive session on cross-cultural leadership

Chairs.

The second part of the morning session was based on group-work; the first group (led by Alan Rajah from Lawrence Grant Chartered Accountants in the UK) discussed motivation and member retention and the second group (led by Talia Berger from Soroker Agmon Nordman Advocates & Pat-

ent Attorneys in Israel) looked at how to promote a Practice Group and enhance participation. The two groups worked independently and presented a summary of their conclusions to each other after lunch.

The rest of the afternoon session focused on cross-cultural leadership,
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and was led by Elisabeth Weingraber-Pircher. Elisabeth is an intercultural trainer, as well as a leadership coach with a business degree with a specialisation in international management from the University of Graz and an International Management Diploma from ICN Nancy in France. She has a

truly international background, being originally from Austria and having also studied and/or worked in the USA, France, UAE, Hong Kong, Thailand, India, Brazil, Switzerland, UK, Germany and Italy.

During her session, Elisabeth covered valuable topics which can be ap-

plied in everyone's day-to-day business life. She had the group focus on the importance of understanding cultural differences and taking these into consideration in daily work life. She also covered extensively the point of working in teams, how to form them, bringing people together, and overcoming potential differences by focusing on a common objective. Her presentation was highly interactive and drew out personal experiences from the group that helped everyone to learn from one another.

As a conclusion to this year's meeting, the Practice Group Chairpersons had dinner together at the Runway 34 restaurant, where they were able to enjoy a most delicious meal in the rather unusual location of an old airplane hangar.

The next Practice Group Chairpersons Meeting will take place during 01-03 February 2019, and will be another terrific opportunity to sit together and leverage each other's experiences in order to improve even further the professional opportunities offered by the GGI global alliance.



Dinner at the Runway 34 restaurant

Marrakech, Morocco | 16-18 February 2018

GGI Middle East & African (MEA) Regional Conference

In the magical Moroccan city of Marrakech, GGI members from the MEA region and more (representing 11 different countries to be precise) gathered together in the beautiful La Marmouia Hotel.

Several conference delegates arrived early and were able to enjoy an optional excursion to the palm groves on the outskirts of the city, where they dressed in typical Berber gear and rode on dromedary camels. There was much

hilarity as everyone tried their best to ensure they held on to their dignity and did not fall off their camel.

Back at the hotel, the official start of the Conference was in the evening with a Welcome Reception & Dinner at the Le Marocain restaurant in the hotel. It proved to be an absolute feast for the senses, with modern Moroccan gastronomy, served amidst some traditional music and entertainment. During this time, host Réda Baghdadi's

birthday was celebrated. Indeed, host firm Firec & Associates were well-represented at this event and it was a pleasure to also have the firm's founder Abdelali Baghdadi attend with his wife, Siham Yacoubi.

On Saturday morning, H.E. Massimo Baggi, the Swiss Ambassador to the Kingdom of Morocco, officially welcomed everyone to the Conference. GGI Chairman, Claudio G. Cocca, also extended a warm GGI welcome



Fom left to right: Host Réda Baghdadi, GGI regional CEO Peter Kaeser, speaker Francois Aubert, H.E. Massimo Baggi, the Swiss Ambassador to the Kingdom of Morocco, GGI global CEO Michael Reiss von Filski, speaker Mohamed Isa, GGI President Claudio G. Cocca, Khlifa Al Yaqout, host firm's founder Abdelali Baghdadi

to all attendees before the first keynote speaker, Francois Aubert, talked about 'The Impact of Digitalisation on Your Clients', providing many examples from real life and room for thought with regards to how to prepare for the future. Returning keynote speaker, Mohamed Isa, had an interesting speech called 'The Chai Karak Manifesto', where all attendees got to know about the best hotel in Switzerland (if not all over the world) and how competing using top-notch customer service may be the best way to attract and retain clients.

Graeme Saggars' (Nolands SA, South Africa) International Taxation
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Dynamic discussions during the ITPG meeting



Norwegian GGI members dressed in typical Berber gear for a camel ride



Saturday Dinner at 'Chez Ali' in a Berber tent

Practice Group (ITPG) meeting after lunch seemed destined to be a quiet one, with only five people signed up for the session. However, after a little bit of ‘We-will-not-be-talking-about-Tax’ marketing (and a promise of no administration fees), there were 17 attendees and plenty of lively interactions throughout the meeting.

The city of Marrakech offers plenty of mystery, plus many thrills hidden behind quiet corners and alleyways. All delegates were split into two groups for a walking tour in the city’s Medina quarter that ended in Jemaa El Fna, Marrakech’s main square, bustling with hawkers and snake charmers in the day and sparkling with bright lights in the evening as the night market started to come alive. It was during the walking tour that Prof Robert Anthony (Anthony & Cie, France) showed his true skills as top-notch haggler, driving some of the market stall owners to provide GGI members with good bargains.

Finally, to close the Conference, the whole group was transferred to Chez Ali for a sumptuous dinner in a Berber tent and a memorable show with folk musicians, belly dancers, acrobats, riders, and fireworks. It certainly wasn’t a typical GGI Gala Dinner but what a lot of fun!



Camel ride to the palm groves

Marbella, Spain | 22-25 February 2018

GGI ITPG Global Tax Summit

Incorporating the Global Mobility Solutions and Indirect Taxes Practice Group meetings, as well as the GCG M&A Dealmakers meeting

Around 95 delegates from GGI member firms worldwide gathered in the sunshine of Marbella to attend this year’s International Taxation Practice Group (ITPG) Global Tax Summit, which also featured meetings of the Global Mobility Solutions and Indirect Taxes Practice Groups. It wasn’t too difficult to convince

many of GGI’s European members to attend this event as there are many direct flights to Malaga Airport on the Costa del Sol, however, an honourable mention should be given to those who came from further afield, from countries such as Australia, Brazil, Canada, India, South Africa, and the USA. Altogether there were 18 dif-

ferent countries represented, with 17% of all delegates from Spain. Participants to this year’s ITPG Global Tax Summit were warmly welcomed to Marbella by the host firm JC&A Abogados, who kindly hosted this event for the third time as the hotel seems to be rather popular with GGI International Tax consultants.



A special thank you to all ITPG presenters at this event

The event began on Thursday morning with the meetings of the two other Practice Groups: Global Mobility Solutions and Indirect Taxes.

The Global Mobility Solutions Practice Group led by Huub Kapel (LIMES International tax + expat, The Netherlands) stayed on topic by focusing on technical tax subjects, such as the explanation of article 15 (Income from employment) and article 16 (Directors' fees) of the OECD Model Tax Convention and – more importantly – the application and interpretations thereof in various countries.

Following on from lunch, the Indirect Tax Practice Group run by both Steve McCrindle (Haines Watts, UK) and Toon Hasselman (LIMES International tax + expat, The Netherlands) started in a fun way with polaroid mugshots of all attending tax consultants. This session featured an interactive M&A workshop related to the indirect tax treatment of M&A transactions, two separate panels which discussed income tax and indirect tax considerations for due diligence, discussions about transfer pricing adjustments, and VAT news and updates from



Robert Worthington receives the 'Most Innovative Tax Presenter' Award on behalf of Dennis L. Nerland

around the world.

What might have seemed like the end of the day was actually just the beginning of the ITPG Global Tax Summit. The official Welcome Reception was held in the hotel with just enough time to collect badges and meet one another, before the group walked altogether to the nearby Restaurant Bodega La Venencia for an informal tapas dinner.



Seres Baum receives the 'Speaker of the Year' Award

On Friday morning, the programme kicked off with welcome speeches from ITPG Global Vice Chairperson Robert R. Worthington (Shea Nerland LLP, Canada), Santiago Lapausa from the host firm JC&A Abogados, and GGI Global CEO Michael Reiss von Filski. Formalities out of the way, the technical line-up began with a cross-border tax case study
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Delegates work in small groups to solve a simulated client situation





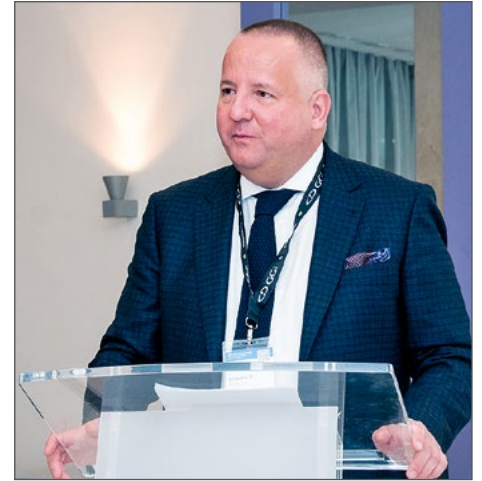
The Indirect Taxes PG meeting started with Polaroid mugshots of the participants

prepared by Oliver Biernat (Benefitax GmbH, Germany): delegates worked in small groups to solve a simulated client situation. This was an intensive and highly practical tax workshop, perhaps also a little competitive, which enabled delegates to get to know better the way of thinking and the work methods of their international colleagues. Results were presented in the plenum afterwards, followed by a discussion.

In the afternoon, there were presentations about the US Tax Reform by Fernando Lopez (Prager Metis International

LLC, USA) and the effect of BEPS Action 1 on a South African- and UK-based SaaS Provider by Graeme Saggars (Nolands SA, South Africa), followed by two panel discussions on Tax Due Diligence on Cross-Border M&A Transactions, from both an income tax and indirect tax perspective. The session ended with a relaxing desk-yoga session led by Ashish Bairagra (M.L. Bhuwania and Co. LLP, India).

It's not a GGI event without a little dinner and participants were not disappointed by the Restaurante El Gamonal, up in



Claudio G. Cocca, Chairman and Founder, welcomes all delegates to the GCG meeting

the hills of Marbella. There may have also been a little bit of dancing. Just a little.

The programme on Saturday morning began with further presentations about cryptocurrencies and related tax issues by Tony Nunes (Kelly + Partners Chartered Accountants, Australia), a best practices framework for transfer pricing benchmarking by Vijesh Zinzuwadia and Ashish Bairagra (respectively from Zinzuwadia & Co. and M.L. Bhuwania and Co. LLP, India), growth strategies by merging with or acquiring other professional service firms by Jeffery L. Mowery (Mowery



Participants of the teambuilding activity



Presentations at the GCG Meeting

& Schoenfeld LLC, USA) and finally on 'Living in the South of Spain' by Santiago Lapausa (JC&A Abogados, Spain).

For the first time, awards were presented to two of the speakers from the previous year. The purpose of the awards is to increase even further the quality of speeches and speakers at ITPG meetings, to the benefit of all the participants. GGI members who participated in the ITPG meetings during the previous year voted at the end of the year and overall chose to award Seres Baum (Work Group International, Brazil) with the 'Speaker of the Year 2018' Award and Dennis L. Nerland (Shea Nerland LLP, Canada) with the 'Most Innovative Tax Presenter 2018' Award.

The Saturday morning also featured a meeting of the Geneva Capital Group (GCG, www.gcg.com), the global network of Mergers & Acquisition advisers who

also participate in GGI projects and activities. With warm welcomes from JC&A Abogados founder, Javier Carretero, and GGI/GCG Chairman and Founder, Claudio G. Cocca, the programme began in earnest with a case study presented by Tim van der Meer and Marlon Putter (Marktlink Fusies & Overnames B.V., The Netherlands) about a GCG success story: KKR and its first PE deal on African soil, showcasing how an integrated approach between different GGI members helped to obtain an interesting M&A mandate and convert this mandate into a successful deal. The session also featured a sponsor presentation about data security in M&A transactions by Dolf Helmann and Rosanne van Kleef (Virtual Vaults, The Netherlands), and an overview on negotiation and influence techniques by Michael Reiss von Filski, GGI Global CEO.

The meeting ended with a speed-networking session, aimed at exchanging deal opportunities between members, and lunch.

On Saturday afternoon, all delegates were given the option of either a team-building activity or an excursion to Malaga and the Picasso museum. The teambuilding activity was kept top secret until it began, and those who were there were surprised to find out that they were going to be part of a flash mob on the beach outside the hotel. Who knew that tax consultants could actually get organised to move in time to Pharrell Williams' "Happy"?

The event ended on Saturday evening at the Trocadero Arena Restaurant, also known as Claudio's favourite restaurant in Marbella, and where the group could celebrate altogether the birthdays of three GGI members.



Stimulated discussions during lunch



Intense work during the GCG meeting

Bangladesh



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WE WISH TO EXTEND A VERY WARM WELCOME TO OUR NEW DISTINGUISHED MEMBERS.

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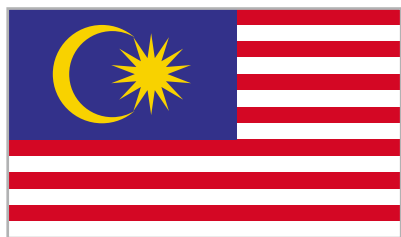
Company languages: English, German, Italian
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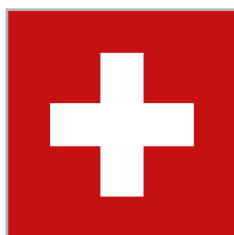
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Blaž Mrva

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WE WISH TO EXTEND A VERY WARM WELCOME TO OUR NEW DISTINGUISHED MEMBERS.

Claudio G. Cocca nominated as President of the Board of Trustees of the Hayek Institute

Claudio G. Cocca, GGI's President, has been nominated as member of the Board of Directors and President of the Board of Trustees of the Friedrich A v Hayek Institute in Vienna, Austria.

The Friedrich A v Hayek Institute is a private, strictly independent academic research organisation and think tank that is dedicated to promoting the teachings of the Austrian School of Economics. The Institute fulfils its charter by producing academic studies and organising various international events that centre on current economic issues. It develops market-based solutions (such as against poverty, for education, safeguarding the enterprise location and workplace, promoting competition, innovation) and puts them in a holistic context; based on the laws of cause and effect.

'For several years now I have been active in tackling complex economic subjects for a variety of international bodies and discussing these with experts. As a devotee of the Austrian School and a staunch Hayekist, supporting this major school of economic thought was a logical next step,' Claudio G. Cocca explains.

'I am taking on this role in the full conviction of the importance of putting the teachings of the Austrian School into practice. And in doing so, I am supporting the advancement of individual and economic freedom.'

The Hayek Institute's diverse programme includes podium discussions, lectures, workshops, conferences and presentations. Studies will be developed on different areas of economic theory and economic policy, modern issues will be examined



Claudio G. Cocca

and solutions will be proposed. New developments on the financial market are just as constant a part of the research area as public expenses and location decisions.

Particular emphasis is placed on public discussion and the transfer of knowledge. Centre-right coalition meetings specifically for schoolchildren and students (podium discussions, summer schools, child business week) and press talks are regular programme items at the Hayek Institute. Student groups and initiatives from other free market institutions are also supported.

The Hayek Institute was present at 45 European conferences as a co-organiser of the 2017 Free Market Road Show. This includes the European Resource Bank Meeting (<http://europeanresourcebank.org/>) and the Mont Pèlerin Society conference as fixed items in the programme. Events and

reports are presented at www.hayek-institut.at.

In coordination with pan-European think-tank projects – the European Resource Bank Meeting, the Free Market Road Show and the Values4Europe platform – there will mainly be a focus on European values during 2018.

Serious changes are afoot, not just in Austria, not even just in Europe, but worldwide. They concern politics, economics, social questions, the finance sector, media and private life. Both radical upheavals and gradual shifts are happening, sometimes accompanied by public discussions and media bluster, and at other times silently and calmly taking effect. Now, the time is right to pause and reflect on whether all of this is compatible with the values and aims of our society. As such, and with this all in mind, the Friedrich A v Hayek Institute will tackle many issues which have arisen over the past few years, including fiscal policy, centralisation, regulation, welfare state, bureaucracy, education policy and economic education.

The institute's events and publications will approach these topics from a variety of viewpoints. Offerings for the next generation will be adapted as appropriate. Intensified cooperation – both with Austrian institutions and with international free market organisations – should enhance the offering for Friedrich A v Hayek Institute members, while simultaneously helping to further promote causes central to a liberal society.

The Hayek Institute's appeal 'Join us on the Road to Freedom' is derived from Friedrich v. Hayek's 'The Road to Serfdom'.

Benchmark Litigation Names Brooks Pierce

2018 'North Carolina Law Firm of the Year'

GGI member firm Brooks Pierce has been named the 2018 'North Carolina Law Firm of the Year' for the third consecutive year by Benchmark Litigation, a trusted, independent research organisation. Brooks Pierce partners Gary Parsons and John Ormand accepted the award on the firm's behalf at a ceremony in New York City on 15 February.

'Brooks Pierce takes pride in consis-

tently tackling complex, often precedent-setting cases', said Reid Phillips, the firm's managing partner. 'We strive to find innovative solutions for our clients, and we are honoured that the high calibre of work we do on their behalf is being recognised by Benchmark Litigation for the third year in a row.'

Other North Carolina firms named to the short list were: Ellis & Winters, Parker Poe Adams & Bernstein, Robinson Bradshaw & Hinson and Smith Anderson. Nominees were chosen based upon research conducted between March and November 2017. Benchmark Litigation serves as the definitive guide to America's leading litigation firms and attorneys. Rankings are based on a six-month period in which Benchmark researchers conduct extensive interviews with litigators and their clients to identify the leaders in litigation. More information on the guide's



Brooks Pierce partners Gary Parsons and John Ormand at the awards ceremony in New York City

methodology can be found at <https://www.benchmarklitigation.com/general/research>.

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First ever CEE Legal Matters Romania Deal of the Year Awards

Maravela|Asociații is a member of the Shortlist Selection Panel

Maravela|Asociații has been selected by CEE Legal Matters to serve as a member of the Shortlist Selection Panel for the first ever CEE Legal Matters Ro-

mania Deal of the Year Awards.

CEE Legal Matters is the leading source of news and information about Central and Eastern Europe's legal

markets. The Deal of the Year awards were conceived by CEE Legal Matters to honour the skilled lawyers who make
...next page

the most complex, significant deals happen. The final three nominees in Romania have been announced in the February issue of the CEE Legal Matters magazine. The winner will be announced at the annual Awards Banquet that concludes CEE Legal Matters' Dealer's Choice conference in Prague on 6 June, 2018.

The CEELM Romania Deal of the Year Award is unique in being exclusively peer selected, with both final nominees and final award winners being chosen by leading legal experts in the country. According to CEE Legal Matters Executive Editor David Stuckey, this makes them especially valuable. 'We are proud of the reputation CEE Legal Matters has established for integrity, independence, and impartiality', Stuckey said, 'and in organising these awards we were committed to inviting only lawyers who are themselves highly regarded dealmakers to employ their expertise and knowledge in evaluating the many submissions we have received and in selecting the final nominees'.

According to Stuckey, selecting the

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Gelu Maravela

Shortlist Selection Panel for Romania was an important process, but ultimately not a difficult one. 'We've reported on a number of deals these select lawyers have worked on over the years, and in our many conversations and interviews with them in that time, we have found them each to be insightful and perceptive analysts, knowledgeable both about the Romanian market in general and about the particular client management and negotiating skills necessary to bring these deals to fruition. We are delighted that Maravela|Asociații has accepted our invitation to join the Shortlist Panel, and we look forward to thanking him in person at the 6 June Awards Banquet.'

'We are honoured to be part of CEE Legal Matter's Deal of the Year Award and happy to be judging this year's entries from the Romanian market with

utmost objectivity and with the professional insight required for evaluation. It is indeed an impressive number of both firms and deals (M&As, IPOs and financings). Our considerations when assessing a deal include value, time-frame, complexity, legal creativity/innovation shown, political and regulatory sensitivity, number of jurisdictions to which the deal relates, as well as the involved team's depth, media coverage of the matter and impact of the deal on the country/region', Gelu Maravela, Managing Partner of Maravela|Asociații, explained.

CEE Legal Matters is the premier publication about the region's legal markets. The CEE Legal Matters website, which registers well over 40,000 unique visitors a day, carries daily updates of deals, disputes, and other client matters across CEE, as well as news about senior promotions, lateral hires, and other developments inside the 24 legal markets themselves. The widely-read subscription-only monthly CEE Legal Matters magazine provides thorough coverage of the persons and trends driving the legal industry across CEE, with in-depth interviews, analysis and commentary. CEE Legal Matters also hosts the annual regional GC Summit, the largest annual conference of senior in-house counsel in CEE. This year's GC Summit will be held on 7-8 June in Prague.

Further detail about CEE Legal Matters can be found on the official website at <http://ceelegalmatters.com/>

Annual Survey to be completed before 11 April!

If you have not yet done so, please complete the GGI annual survey at your earliest convenience, but no later than 11 April 2018. This questionnaire is of utmost importance.

Needless to say that all data included will be treated with the highest level of confidentiality. We do not give out any individual data.

Please feel free to provide us with

the necessary data via telephone by calling Mags Leddy on +1 857 300 51 00 (Boston Office), or by email at leddy@ggi.com.

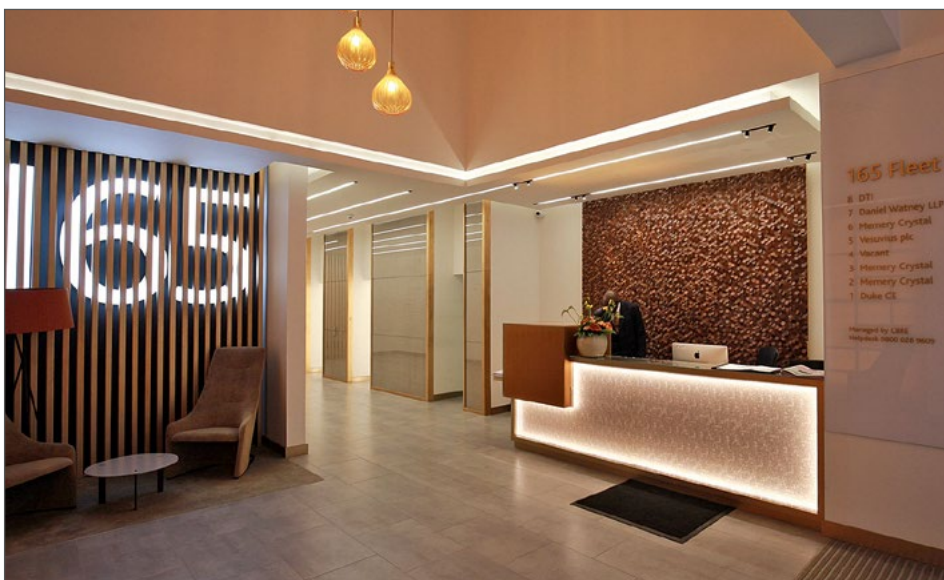
Memery Crystal has moved to their new offices at 165 Fleet Street

2018 is a special year for GGI member firm Memery Crystal. They have been helping their clients achieve their business aims for 40 years. In doing so, they have also gone and outgrown their own space. Continued organic growth together with expanding teams and exciting new partner hires means they have found themselves in need of a new home. A great deal of thought has gone into the new office space. The modern working floors will allow their teams to work collaboratively, think laterally and provide their clients with the level of service they have come to expect.

The Memery Crystal team also look forward to offering their clients a space to meet and work that better reflects who their clients are in 2018.

'We can't wait to welcome you to our new 'client hub' - have a coffee or a glass of wine at the bar.' Nick Davies said. 'All GGI members are invited to use the space to work in - whether you are meeting our team or just need somewhere to work between meetings.'

The Memery Crystal team hopes you'll find the opportunity to come and visit them in their new office soon.



Memery Crystal's new offices at 165 Fleet Street

Welcome

The Memery Crystal team is looking forward to seeing GGI members at their new address:

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London
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GGI member firm
Memery Crystal

Law Firm

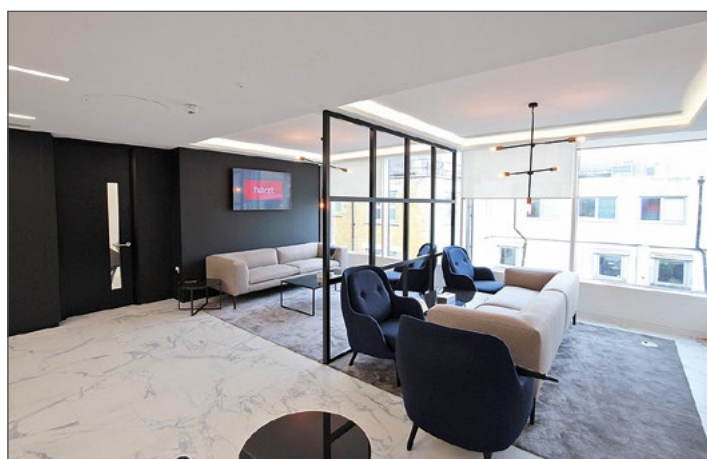
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Multifamily and Commercial Real Estate Finance Team Expands

GGI member firm Moss & Barnett is pleased to announce the expansion of the firm's Multifamily and Commercial Real Estate Finance team with the arrivals of lawyers **Lindsay L. Case**, **Chelsy M. Jantsch**, and **John P. Kennedy**. The firm now has 18 lawyers serving real estate finance clients nationwide.

Case focuses her practice on closing and delivering loans secured by

multifamily projects to secondary market investors such as Freddie Mac and Fannie Mae. Prior to joining Moss & Barnett, Case practiced in the area of public finance, providing counsel on municipal bond and tax increment financing transactions. Prior to that, Case was with the Southwest Minnesota Housing Partnership, a developer of low income single-family and multifamily housing in rural Minnesota. She started her career as a law clerk for District Court Judge Gordon Moore in Nobles County, Minnesota. Case received her J.D. from the University of St. Thomas School of Law and her B.S., cum laude, from Minnesota State University, Mankato.

Jantsch represents institutional and life insurance company lenders on commercial real estate transactions. She also represents lenders closing and delivering loans secured by multifamily projects to secondary market investors such as Freddie Mac and Fannie Mae.

Prior to joining Moss & Barnett, Jantsch was in private practice, with a focus on general real estate matters, including purchase and sale and leasing transactions. Prior to that, Jantsch served as a commercial closer and underwriting counsel for a title insurance company. Jantsch received her J.D. from William Mitchell College of Law, where she earned her Law and Business Certificate, and her B.A. from the University of Minnesota-Twin Cities.

Kennedy focuses his practice on closing and delivering loans secured by multifamily projects to secondary market investors such as Freddie Mac and Fannie Mae. Prior to joining Moss & Barnett, Kennedy was Assistant Vice President and in-house counsel for Old Republic National Title Insurance Company. Prior to that, John gained extensive experience analyzing real property title matters while serving as a law clerk with the Office of the Hennepin County Examiner of Titles in Minneapolis. He

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Lindsay L. Case



Chelsy M. Jantsch



John P. Kennedy

received his J.D. from William Mitchell College of Law and his B.A. from the University of St. Thomas.

‘Lindsay, Chelsy, and John bring an impressive resume of relevant experience to our growing Multifamily and Commercial Real Estate Finance Practice Group and to our firm in general. The addition of these attorneys deepens the capacity of our team and the talents needed to best serve our clients’, said Tim Gustin, Chairman of the firm.

About the Team

The Multifamily and Commercial Real Estate Finance Team advises a full range of private and publicly owned providers of commercial real estate debt, including mortgage banks, investment advisors, life insurance companies, and community, regional and money center banks, throughout the United States on commercial real estate lending investments. The

team has particular depth in multifamily housing finance – including market rate housing, targeted affordable housing, senior housing, student housing, and manufactured housing – serving as counsel nationally to Freddie Mac Seller/Serviceicers and Fannie Mae DUS Lenders, where knowledge and experience with the lending programs of these providers is essential for legal representation.

Raffaella Lödl and Christoph Kirchmeier – both promoted to partners

GGI member firm Kapp & Partner Rechtsanwälte GmbH is pleased to announce that Raffaella Lödl and Christoph Kirchmeier have become partners at the firm, effective from 01 February 2018.

The two of them joined KAPP at a very early stage and have been trained for several years at the Graz office. ‘We are very excited to maintain the sustainable growth by tying both of them even closer to our firm’, Mario Kapp, Managing Partner, said. He continued: ‘Broadening our partner structure must be seen as a logical step considering our economic development and the constant provided trust in our firm and abilities’.

Raffaella Lödl is managing Partner of KAPP & PARTNER Rechtsanwälte GmbH and specialises in real estate, building promotion, and corporate and insolvency law.

Christoph Kirchmeier is particularly engaged in corporate restructuring as well as insolvency and tenancy law



Raffaella Lödl



Christoph Kirchmeier

topics.

Both are contributing excellently to the firm’s range of services and their promotion especially strengthens the core practice areas.

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Uncovering a USD 2 million embezzlement

By **Ufuk Doğruer**

Fraud costs companies money

A company loses about 5% of its annual revenue as a result of financial crimes such as fraud and corruption, according to the 2016 Global Abuse report. A lesser known fact is that 40% of this fraud is committed by employees. Employee fraud not only affects the company owners and investors, but also other employees, stakeholders, credit institutions and the country's economic stability.

Employee fraud: a needle in a haystack

In 2016, a top 500 global company contracted our services for a special purpose audit. While comparing the financial statements, the company's management had noticed high losses in areas where, according to the sales figures, they were supposed to make a profit. After initial checks, the company identified signs of fraud, but could not trace the source nor the extent of the financial loss. The purpose of our audit was to examine the financial statements, identify the source

and determine the amount of the fraud.

Preventing new fraud

At the end of the audit process, we identified the source and size of the fraud: an employee had embezzled USD 2 million. The staff member responsible for the fraud immediately refunded the full amount. We then helped the company implement procedures to prevent new cases of fraud. A major reason why this fraud could happen was the lack of proper internal controls. Specifically, a checks and balances procedure between the employees and the management.

In cooperation with the company's management, we put in place:

- new procedures for declarations, profit and loss and accounting records; and
- a new internal control system based on a cross-control principle in the accounting records.

This means, for example, that bank payments are limited to an amount depending on a person's level of authority, and that bank withdrawals can only be done when two people sign for it.

This new system has immensely strengthened the company's immune system to help it avoid experiencing fraud again.



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Process of harmonisation with the EU legislation in relation to mobbing and posting of workers

By Sanja Djukic and Tijana Milacic

In Bosnia & Herzegovina, a set of laws has been adopted in the last couple of years, bringing this legislation closer to the EU legislation. In that spirit the new Labour Law and the Law on Prohibition of Discrimination have been adopted, since this is one of the most sensitive areas due to the fact that it treats the rights of workers.

The inconsistent implementation of the previous legislation has led to serious breaches of labour rights, which often took the form of exploitation. This was primarily apparent in the widespread phenomena of work without a contract of employment (illegal employment), unpaid overtime, widespread exposure to non-physical treatment at the workplace (mobbing), as well as a particular problem that arises in the area of sending workers to work abroad.

In the legal system of Bosnia & Herzegovina, mobbing has been de-



Sanja Djukic

defined as a form of discrimination and the same is standardised in several special laws; however, the aforementioned regulation does not represent the right response to the problem of legal protection against mobbing, which is especially evident in its practical application. Certain omissions in legal aspects have created a problem of legal vacuums and inconsistencies in the suppression of this form of discrimination. The protection in case of mobbing is an important issue for all those involved in the application of labour standards, as mobbing is one of the forms of psychological harassment, which often includes a whole range of systematic activities which are specifically prepared and executed. The aggravating circumstance is, in addi-



Tijana Milacic

tion, a vague description of behaviour in the workplace which can be attributed to mobbing activities. In this regard, a flexible approach to the problem of mobbing in terms of respecting the cultural aspects, traditions and generally accepted forms of behaviour in a particular society can serve as a guideline for the courts when determining whether an individual case is indeed a matter of mobbing or a form of behaviour that does not contain elements of mobbing activity. From the point of view of anti-mobbing mechanisms, the primary goal should be the prevention of mobbing, which means that an employee must be introduced by the employer to his/her rights in order to respond, in a timely manner, to any form of discrimination at work. ...next page

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Therefore, it follows that there is a need for the adoption of a special law on mobbing or a special law on the prevention of harassment at work, where the emphasis would be on effective prevention activities, i.e. creating a framework for identifying, preventing and resolving mobbing cases, harassment, sexual harassment and violence on the basis of

gender in the workplace.

Another area where there is a need to adopt a special law is certainly related to sending workers to work abroad. Once there is a need for an employer to send workers to work in another country, quite often the employer finds itself in a dilemma, especially with regard to the issue of taxes, contributions and in-

surance for the worker because the employer wants to fulfil all of its obligations under the Law, and avoid the situation whereby, due to the lack of regulation, the same is held liable for breaches of law or even punished according to the applicable legal regulations. The employer, in addition to the concluded and ratified international treaties, should apply other laws, such as the Labour Law, the Law on Pension and Disability Insurance, the Law on Health Care Protection, and the Law on Income. Countries from the region as well as other countries have already solved this issue, i.e. all the conditions and the procedure itself are regulated by a special law.

In order to improve the material and social status of workers, it is necessary to continue the harmonisation of legislation with all other regulations. Although Bosnia & Herzegovina is not a member of the European Union, nor is it a candidate, it is a signatory to the Stabilization and Association Agreement, and therefore undertook to harmonise the existing legislation of Bosnia & Herzegovina with the EU legislation, as well as its effective implementation.



Cybercrime and GDPR within the M&A market 'FW: John, is it OK to disclose this Excel file to bidder A?'

By Jeroen Kruithof

Cybercrime is a rapidly growing threat that is impacting more and more companies. It is generally known that cybercrime can cause reputational

damage due to the loss of intellectual property. On the other hand, cybercrime can cause personal data breaches, which could result in serious fines for the company.

Cybercriminals can attack a variety

of vulnerabilities of a company. The most vulnerable department to cybercrime is the support desk, who need to know exactly which information they may and may not tell their customers. Companies that operate with a support

desk have a high need to be compliant in order to protect data. Strict policies and processes need to be written and implemented, for this company specifically, by a Data Protection Officer, to make sure the company will be, and will stay, compliant.

Companies that are operating in the M&A market are a highly interesting target for cybercriminals, since this market contains a lot of valuable data. Since 2013 FireEye, a cybersecurity company, has been tracking a group of hackers that are targeting the email accounts of a large number of individuals. The hackers are able to get access to the confidential information of more than 100 companies, including publicly traded companies or advisory firms that provide M&A services. They are focused on compromising the accounts of individuals who possess non-public information of M&A deals, mostly in the healthcare and pharmaceutical industries. Those industries were targeted because the stocks of these industries can move dramatically due to new clinical trial results, regulatory decisions, or safety and legal issues.

They mainly target top executives, legal counsel, investment bankers and corporate finance advisors. They got access to insider information and this information enabled them to make or break stock prices of public companies, and they made use of these trading advantages.

These hackers are of a different kind. They are native English speakers with knowledge of the investment world and the inner workings of public companies. This made their spear phishing emails seem convincing and legitimate.

They also operate in an unusual way. They are solely focused on capturing usernames and passwords, which allow them to view private email correspondence. Sometimes they view email correspondences for a couple of weeks before they attack. With the knowledge they have gathered, they send out convincing emails to other advisors. The emails are highly tailored that usually play on the recipient's knowledge or interest in a pending deal and often

```
import socket, sys, os
print "[ Attacking " + sys.argv[1]
print "injecting " + sys.argv[2]
def attack():
    #pid = os.fork()
    s = socket.socket(socket.AF_INET, socket.SOCK_STREAM)
    s.connect((sys.argv[1], int(sys.argv[3])))
    print ">> GET /" + sys.argv[4]
    s.send("GET /" + sys.argv[4])
    s.send("Host: " + sys.argv[1])
```



Jeroen Kruihof

contain information that is not yet made public. The email could contain something like: 'John, is it okay to disclose this Excel file to our buyer?' Such an email seems legit to the recipient, since it is from a colleague who is involved in the same deal. In this case, John receives an Excel file, attached to the email he received from his colleague. When opening the attachment, the recipient's login details are requested. If these details are entered, the hackers are able to enter the new victim's account and the same story will be repeated for this new victim.

The hackers operated in a smart way. Most of the documents they sent to new victims appeared to be stolen

from actual deal discussions. Most were still in the early due diligence phases. In some cases, more organisations involved in a specific transaction were hacked. In fact, more than five organisations, including all their advisors, were involved. In this specific transaction, 20 organisations in total were hacked, including all the legal, tax and corporate finance parties. This, of course, led to major advantages for the hackers, since they could view the correspondence between the different parties, view non-public documents and act upon this information.

The hackers invented ways to evade detection. They created a script that automatically deletes emails that contain words such as 'virus', 'hacked', 'phish', 'malware', etc. So, even when a targeted company is aware of the hack and tries to warn other parties, the emails will never arrive.

This year, on 25 May, the GDPR (General Data Protection Regulation) will come into force. The GDPR will be the new data protection landscape of the EU. It will replace the current directive and will be directly applicable in all member states of the EU, without the need for implementing national legislation.

The GDPR will influence one's daily work information. First, there will need to be stricter control over where personal data is stored and who has

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access to it. Secondly, there will need to be better data governance tools for auditing and reporting on who has access to this kind of information. Thirdly, improved data policies will be needed, in order to provide control.

Many companies do not yet know that these steps need to be taken. Gartner predicted that by the end of 2018, 50% of all the companies will not be compliant. Research by PwC shows that 32% of US companies want to reduce their presence in the EU and 26% even responded that they will exit the EU.

In order to defend your data and to reduce the risk of being hacked, the following steps can be taken:

- 2FA (two factor authentication): 2FA is the use of an extra device, like a mobile phone, in order to login to one's account
- Data encryption: data at rest and moving both could be encrypted
- Smart identity monitoring: actively monitor login behaviour and act when necessary

An important step that would need to be taken in order to become compliant and reduce hacking risks is getting certified according to international security standards, such as the ISO:27001 and the SOC 2. Certifications are important in order to make sure processes and policies are up to

date. A more drastic way of checking whether data is stored safely is hiring a hacker who will look into your company's weak spots.

When these steps are taken, your company will be closer to being 100% compliant to the new GDPR rules and regulations and your company will also be less vulnerable to cybercrime!

Be safe.

Virtual Vaults

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Source: FireEye

The preparation of annual accounts for a French SCI is required for tax reasons

By Prof Robert Anthony

The question of preparing annual accounts for an SCI (Société Civile Immobilière) appears to be clear under French domestic tax law. Some foreign and French resident clients contacted us wondering whether accounting should be held for a French SCI. These clients have had different replies from different practitioners. The purpose of this article is to show the necessity for tax purposes to hold annual accounts.

In recent years, an increasing number of people have purchased properties in France. Many clients have purchased French real estate through a French SCI. The question that arises is whether the SCI must hold a French accounting and prepare annual returns.



Prof Robert Anthony

If accounts and returns for an SCI are prepared, the Company has substance and questions from the French tax au-

thorities on the SCI's real existence are compromised, whereas if accounts and statutory books are not maintained, this may lead to an audit from the tax authorities who will consider the SCI to be non-existent, with resulting consequences.

The risk lies in the application of the abuse of law's theory (abus de droit), based on section L64 of the French General Tax Code. This article is used to cancel a legal scheme that has been established solely for tax purposes. Under these circumstances, the French tax authorities are entitled to ignore the legal framework of the scheme completely. This may also include any normally allowable expenses.

One has to keep in mind that the abuse of law legislation is based on material facts. An SCI can be considered as

a sham company under certain circumstances.

For example, an abuse of law case was proved involving an SCI that transferred all its benefits to one shareholder and had not held annual general meetings nor drafted any annual accounts (Conseil d'Etat 23 March, 1984). One has to underline that the lack of annual accounts was one of the indicative reasons of the abuse of law.

In another case, an SCI was considered as a sham company due to the lack of annual accounts, general meeting minutes and annual reports (Conseil d'Etat 25 February 1981).

In a third case law, an SCI did not prepare any balance sheet. The income received by the SCI was credited to the shareholders' current account. However only the SCI's general meeting could authorise this transfer (Cour Administrative d'Appel Nancy 27 December 1990). As there was neither correct annual accounts nor any general meetings, the abuse of law theory was applied by French tax courts.

Many advisors are not tax specialists and do not consider the consequences of the SCI in preparing annual accounts. This is despite the fact that the real estate is owned by the SCI and used by the SCI's shareholders. However, in view of the above case law, as well as tax obligations, it is essential that the annual accounts are prepared with the filing of appropriate tax declarations. This is definitely necessary to avoid any potential tax audit with further consequences. The non-filing of returns can result in an annual tax of 3 percent of the value of the property as well as late interest.

Over and above the 3 percent, tax shares of an SCI allow the will in a foreign jurisdiction to apply to the wishes



of the deceased. Direct ownership may follow FRENCH forced heirship rules. An illustration of this is the creation by the nonexistence of the company whereby the problem of forced heirship rules for estate planning become an issue defeating the purpose of the company. The director's loan account will no longer exist and therefore the debt is not deductible as there is no company, and duty will accordingly be assessed on the demise and on the market value.

Others tax reasons can also be developed regarding tax audits

Firstly, French SCIs are registered companies and must file specific tax forms. According to the French General Tax Code (Section 46 D of the 3rd part

of the French General Tax Code), an SCI must provide the tax authorities with any accounting documents proving the reality of the figures mentioned in the annual tax forms filed by the SCI. Therefore, it is necessary to prepare annual accounts from a tax stand point.

Secondly, in case of a tax audit, it is crucial that the SCI's annual accounts be held. In one particular case (Conseil d'Etat 1 June 1984), the tax authorities audited the accounts of an SCI. They tried to prove that the taxpayer had hid some income. To prove this tax evasion, the tax authorities reassessed the taxpayer's personal income tax return and the income declared in the SCI's annual accounts.

An SCI's director's sole obligation is to present a report to the SCI's shareholders during the annual general meeting. However, it is not that simple. How does one prepare an adequate report without the supporting documents?

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Advisors need to reflect further as to the reality of case law. Unfortunately, many professionals don't adequately consider the ramifications to their clients of non-compliance from not preparing tax accounts or filing and the tax implications, as it is not their speciality.

'Directors of civil companies must, at least once per year, inform the company's shareholders of their management. A report has to be drafted, including the company's activity during the previous year, the gains and losses realised or forecasted'.

Tax law and prudence recommends that formalities are carried out. Annual tax filing is obligatory. There is a new beneficial owner declaration which must be filed before 31 March 2018 (for all French companies). Non-compliance of this new declaration will be subject to a fine of EUR 7,500. Wealth tax declarations now known as IFI are also obligatory for market value assessed over EUR

1,300,000. If the company is not recognised, neither will debt be deductible. It is impossible on a sale to calculate correctly capital gains tax without proper

accounting. Finally, the non-filing of returns can result in a 3 percent annual tax on the market value of the property plus penalties and interest.

FOCUS – Interest to hold accountancy in a SCI

- Incomes justification and the benefit of the declaration 2072, for example
- Presentation of the annual accounts to the partners: need to draw up a balance sheet and an income statement
- Entry or exit of a shareholder and valuation of the shares (valuation of his current account, his debts,

his claims in respect of the SCI)

It is clear that accounting in an SCI is useful in more than one way. This allows associates to keep themselves informed of the follow-up of their respective rights, and makes it easier to bring in a partner and to answer questions from the tax authorities as well as future estate planning.

Reside in a Tax-Free Paradise in The Bahamas for as low as USD 500,000



Kim Kikivarakis Dillett

By Kim Kikivarakis-Dillett

'It's Better in The Bahamas' is a slogan known around the world, describing a unique idyllic paradise which we at Kikivarakis Properties would like to introduce to you. It's not only the archipelago of 700 islands, the crystal-clear beaches, the pink sands, the bright sun and the laid-back lifestyle that makes The Bahamas attractive for living, but now there's also a significant financial benefit offered that has become feverishly exciting and enticing for second home purchasers

and investors alike.

Is it possible to establish Permanent Residency in the Bahamas and if so, how?

Definitely! Through The Bahamas Investment Authority, the Government of

the Bahamas offers the opportunity for non-Bahamians to establish permanent residency in The Bahamas. An investor that spends more than USD 500,000 on a residence in the Bahamas may apply for a Residency Permit. Permanent residency is granted for the duration of the individual's lifetime, unless revoked, and can allow an individual to reside in the Bahamas. Investors that spend over USD 1.5 million will be 'fast tracked' and may receive such benefits with speedy consideration in approximately six months. Regular applications may take about one to two years to be fully granted. To qualify, the country looks for persons primarily of good character, able to show evidence of ongoing financial support and source of funds of the purchase, and the commitment that they wish to live in The Bahamas. Spouses and children (under 18 years) to be residing in the residence are also able to be endorsed on the certificate when the application is made.

What are the advantages of establishing Permanent Residency in The Bahamas?

The advantages are more than a warm climate (average 75 to 90 degrees Fahrenheit), an educated English speaking population and its proximity to the US. Simply living or both living and working in this beautiful country can offer significant tax advantages for citizens of countries with high personal and/or corporate income taxes or even inheritance taxes. Based on the citizenship of the applicant and the tax laws of the applicant's home country, the advantages can be financially substantial.

The Bahamas does not levy taxes on capital gains, corporate earnings, personal income, sales, inheritance or dividends. This freedom is available and ideal for all residents, corporations, partnerships, individuals and trusts. There is only a Value Added Tax of 7.5% on pur-



chased goods and services. The Bahamas government has consistently committed to a policy of 'no income tax'. As you can imagine, these investor friendly policies coupled with the stable political environment has made it one of the most desirable countries in the world to live and invest.

The Bahamas gained its independence from Britain on 10 July 1973 and has a population of around 350,000. It's the third oldest parliamentary democracy in the British Commonwealth and boasts full and modern infrastructure on its two main islands New Providence and Grand Bahama, where most of the citizens and residents reside. Electricity, water and telecommunication facilities are reliable and adequate for the country's usage.

The only natural disaster that the country faces are hurricanes. Strict buildings codes of the Ministry of Works, however, ensure that most buildings built are primarily hurricane rated and protected, with most buildings being constructed with concrete blocks, hurricane impact windows and doors, and elevated foundations.

The country's economy is driven by Tourism, International Banking and other Financial Services. Retail and wholesale distributive trades, manufacturing, agriculture and fisheries are the other major sectors of the economy. The Gross Domestic Product (GDP) of The Bahamas exceeds USD 9 billion and the per capita income of the country is approximately USD 22,217 per annum,

which is the second highest in the Caribbean. The strength of the Bahamian currency is demonstrated by the fact that the Bahamian dollar is on par with the US dollar and is exchanged with ease in the country.

But how easy is it to travel to and from The Bahamas?

The Bahamas is located a short 40-minute flight from the United States and offers reliable and comfortable direct flights to numerous European and American cities, through major airlines such as British Airways, American Airlines, Delta, JetBlue, United and Southwest.

Fun facts: The Bahamian passport is ranked twenty-third strongest in the world, granting access to over 135 countries Visa Free and even more importantly the Bahamas remains one of only six countries in the world to have been awarded pre-clearance into the United States through the US Customs and Border Protection (CBP) officials stationed on the island. This makes traveling from The Bahamas' two major airports, Lynden Pindling International Airport in New Providence and Grand Bahama International Airport in Freeport, seamless, easy and stress free.

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What are the Costs of Purchasing a Residence in The Bahamas?

Costs for acquiring property in The Bahamas are surprisingly low for purchasers. The main costs are:

- Half of the government stamp tax and Value Added Tax due on the conveyance, this amounts to 5% of the sales price of the residence.
- Purchaser's legal fees which are standard at 2.5% of the sales price of the residence. However, through our business affiliation with top Bahamian lawyers this fee can be negotiated on your behalf by Kikivarakis Properties to be as low as 1% of the sales price of the residence.
- Any bank related costs if financing is involved, usually a 1% commitment fee based on the sales price of the residence. The Bahamas is home to major International Banks including the Royal Bank of Canada, ScotiaBank and FirstCaribbean Bank that all facilitate the making of loans for purchases by non-Bahamians.

What type of neighbourhoods/communities are there to choose from?

Very important question! There are definitely special neighbourhoods and communities in The Bahamas that are a notch above the rest and that's why you need the right person you can trust to analyse, evaluate and show you the best ones to fit your personality, lifestyle and budget. Some of our favourite popular neighbourhoods and communities are Albany, Charlotteville, Balmoral, Caves Heights, Bayroc, Palm Cay, Ocean Club, Lyford Cay, Port New Providence, Care-free and numerous condominiums over Paradise Island. Paradise Island is connected to New Providence by two bridg-

es and is the home of the world-famous Atlantis Bahamas Resort. Most second time home buyers choose condos or townhouses because of the ease of having most exterior maintenance costs taken care of by a home owner's association funded by a monthly maintenance fee.

Some owners instead prefer a stand-alone home which usually affords more space and can be managed independently from a fixed monthly maintenance fee due to an association. Considering either option, we at Kikivarakis Properties can take care of all of your general and customised property management needs.

I think I'm interested in investing, how you can help me?

You're in luck! Kikivarakis Properties is the Exclusive Real Estate Division of Kikivarakis & Co., a proud GGI member, and Company Director Mrs Kim Kikivarakis-Dillett is not only a Certified Public Accountant with Wall Street (New York City, USA) work experience from a Big Four Firm (Deloitte) but is also a Bahamas Real Estate Association Broker and Appraiser certified and licensed in the selling, leasing, purchasing, managing and appraising of all Real Estate in The Bahamas.

Kim's New York City experience had her supervising the audits of The Blackstone Group, at which time was Deloitte's largest real estate client and second largest financial services client. She used her international experience to catapult into the real estate business and now Kim is one of The Bahamas's top brokers and appraisers.

She specializes in finding the perfect property for your specific needs, connects purchasers with top lawyers for closing and application submissions for residency, and she provides property management of residences for when owners are traveling or also living abroad.

Our Kikivarakis Properties website (www.kikivarakisproperties.com) includes listings of all properties available in the country by using a powerful 'pulling

tool' that incorporates listings from all other Bahamian real estate websites and sources.

Another fun fact: The Bahamas boasts the highest concentration of celebrity-owned private islands and residences anywhere in the world. Bahamian residents and owners include but of course are not limited to, Sir Sean Connery, Tiger Woods, Michael Jordan, David Copperfield, Beyoncé and Jay-Z, Johnny Depp, Mariah Carey, Nicolas Cage, Ernie Else, Tyler Perry, Faith Hill & Tim McGraw, Sir John Templeton's family and so many more.

I'm ready, but what are my first steps?

The realisation that you can enjoy not only the amazing climate, laid back atmosphere and friendly people when you decide to retire in a gorgeous beachfront home, starting from USD 500,000 to multi-million dollar residences, but also the potential massive financial freedom of living in a tax haven, is something that I've proudly assisted many clients in accomplishing. Your first and only step is simple. I'm looking forward to you reaching out to me for yourself and/or for your clients and want you to know that from the first email listing I send you to review, all the way to the first mixed cocktail you will drink on your oceanfront balcony in The Bahamas, I'm here to walk you through it all and I am happy to assist – I remain especially excited about working with my GGI family. Email, WhatsApp or phone me today!

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AUDITING, REPORTING & COMPLIANCE (ARC)

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Friday, 20 April 2018

Chairperson: **Boris Michels**

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It is the auditor's nightmare to fail to recognise fraudulent activities in the financial statements under audit!

Starting from the professional standards relating to fraud, we will cover popular fraudulent scenarios that have been all over the media (e.g. Olympus). Against this background, we will share our experience on fraud we have actually encountered, how we dealt with it and what consequences were eventually faced. We would like to discuss real life cases from the US, the Netherlands and Germany. Your cases and contributions to this highly relevant topic are also very welcome and necessary.

We hope to raise awareness and sensitivity of fraud risks, explain how to avoid stepping into traps others have already faced and hopefully pro-



Boris Michels

vide a useful set of measures for our daily businesses.

BEST PRACTICES FOR PROFESSIONAL SERVICES ORGANISATIONS

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Friday, 20 April 2018

Chairpersons:
Theodore A. Offit
and **Timothy C. Lynch**

'The Partnership Track' - A Panel discussion

Making 'Partner' is a career ambition and a milestone achievement for most professional service providers. The variances among professional service organisations when it comes to when and how a person makes partner, the

...next page



Theodore A. Offit



Timothy C. Lynch

requirements needed in order to attain that status, as well as partnership classifications and responsibilities are legion.

A distinguished panel of European and North American accounting and law firm leaders will be discussing their organisation's methods and strategies regarding these issues and the promotion/entry to ownership and senior management.

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BUSINESS DEVELOPMENT AND MARKETING (BDM)

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Friday, 20 April 2018

Chairperson: Alan Rajah

take advantage of these opportunities to present a professional bid and to see off the competition in your sector, even on a limited budget. This session

will be of interest to you, regardless of whether you are an accountant, lawyer & consultant.

'How to present a professional bid to win business'

No doubt you have all been in a situation where you have submitted a bid to win new business but have been unsuccessful in the bid process.

Special Guest Speaker, Tony Round, Manager of Corporate Growth Europe of APMP (worldwide authority dedicated to the process of winning business through proposals, bids, tenders, and presentations), will talk about how to



Alan Rajah

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Smart contracts: Ally... or Foe?

By **Ady Nordman**
(Opinion)

In 2060 (or perhaps sooner?!) will our legal profession be obsolete? Will our children's grandchildren still have LL.B, LL.M or J.D. programmes at Ivy League schools, universities or colleges? Will machines simply offer complex tools to assist us in our jobs or will they replace us? Will AI have evolved enough for machines to not only have the requisite skills but also the emotions that humans must have to act as lawyers and/or Judges? The Smart Contract as detailed in Ade Molajo's article (next page) might serve as our ally... or our foe.

Over two years ago, a large law firm (over 900 attorneys) in the US was the first to recruit ROSS, an AI machine powered by IBM's Watson technology, as a legal researcher for the firm. Besides sifting through tens of thousands of legal documents and data, ROSS is continually learning the actions of the lawyers pertaining to writing, decisions, remarks etc. Several companies



Ady Nordman

are currently offering impressive applications that attempt to predict decisions in court cases regarding all the relevant laws as well as a close analysis of the results that a certain presiding Judge on a certain case might decide. Recently, (on 15 January, 2018) AI programs built by Alibaba and Microsoft scored higher than humans on a Stanford University reading comprehension test.

Will this remain true in 2060? Or by then will ROSS and others like it have learnt enough to predict the result and reasoning for each and any case presented? Will they be able to improve their comprehension capabilities and replace judges, making 'human like' decisions?

Obviously I don't have an answer; I can only assume (and pray!) that laws and regulations will always be initiated, debated and written by humans and as such, I question the quality and education of our future human lawyers. What will their education be composed of? How skilled will they be in researching and finding the necessary resources for a certain predicament? How profound

will their writing skills be if they are dependent on forms and templates? ROSS has already replaced countless interns that until recently dutifully did the grunt work as part of their schooling. We have no doubt that machines have endless capability to research and store limitless data. But isn't doing the grunt work part of every young lawyer's education?

I am constantly intrigued by the world of endless possibilities for technological advancement. Our firm, Soroker Agmon Nordman, although not considered a large firm, has always kept up to date, boasting the best possible complex software tools relevant to our field of work and jurisdiction.

I strongly believe that any law firm and the services it provides are a sum of their recruited talent and that as long as Watson (IBM's technology) is used solely as a tool to assist professionals – be it in law, medicine or any other context – to make the most informed judgments, and humans are still making the calls, then I'm all in! Remember, human beings have wisdom whilst machines do not.

**GGI European
Regional Conference,
Berlin, Germany
Friday, 20 April 2018**

I have invited Mr Ade Molajo to be the guest speaker during the CCIP session. Read his informative article on the next page on Smart Contracts and join us for what is certain to be a fascinating session. Ade Molajo is dedicated to educating corporates about the power of Blockchain in their various industries.

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What is a Smart Contract?

By Ade Molajo

Guest Speaker at the European Regional Conference in Berlin at the CCIP Practice Group meeting.

Blockchain | Speaker
Writer | Consultant
www.ademolajo.com

A smart contract is an autonomous computer program running on a Blockchain network. Blockchain is a digital, distributed and decentralised record keeping system on which tokens (cryptocurrencies) are stored chronologically and publicly. Given a set of instructions, a smart contract will carry out a number of tasks on the Blockchain network it is deployed on, at the appropriate time. All parties involved remain anonymous.

Smart contracts and smart lawyers

Smart contracts have become synonymous with disintermediation. For many, this simply means moderators are being pushed out the equation. This could not be further from the truth. In reality, go-betweens like lawyers will be highly sought after for some time to come. In the example of a smart contract handling the rental of property to tenants, rules can be coded which state that, 'If an apartment is vandalised, it warrants the eviction of the tenants'. This is very straightforward but it becomes less so when distinguishing between vandalism and acceptable wear and tear. This is where a lawyer's advice would be needed. Working closely with Blockchain developers, a lawyer can make this sort of distinction clear at the time of coding.

- **Rentberry** is one such Blockchain company. This platform allows landlords to check the identity of tenants



Ade Molajo

through smart contract technology and ensure rentals are fully insured, all through a decentralised system.

Smart contracts and identity

Today identity rights sit with a handful of processors. Data subjects have little or no way of making sure that their information does not get passed into the wrong hands. With Blockchain technology, a single, open repository linked by multiple data processors can be set up. Data subjects would own the rights to smart contracts which operate based on parameters that these subjects have specified. This can be described as a digital twin. The digital twin would record all requests that have been made by the likes of credit agencies, immigration, banking, employers and so on. This would not only place control in the hands of those who are being reported about but also give them an audit of where their data is currently being used as well as the purpose of these requests. See Charlie Brooker's Black Mirror episode White Christmas for a macabre but effective dramatization of digital twins.

- **uPort** provides self-sovereign identity. Smart contracts allow users to decide which parties have access to their records.

Smart contracts and asset management

Currently, asset management is a very manual process. If an asset manager is holding some shares which they wish to sell, they have to place calls with others in their network and advertise to them. This gets even more tedious when the shares are illiquid. It becomes a very time-consuming process. Enter Blockchain, which as explained, is an open ledger system. In a perfect world, a host of Asset managers will be connected to one common Blockchain network, allowing all present parties to see which assets are available to be bought and sold. This can be done in an automated fashion using smart contracts so that if one manager's 'buy' conditions match another manager's 'sell' conditions, trades can be made in a very streamlined fashion. In addition, this will bring trading costs down and provide better security thanks to Blockchain's immutability.

- **Ripple**, which is on the tip of everyone's tongue these days, allows digital asset managers to provide liquidity through a decentralised, scalable and robust system.

Conclusion

Smart Contracts are ushering in the future of decentralised autonomous technology. These will allow more transparency, speed, security and more economic transactions. The rate of adoption is directly related to how quickly consumers are educated about their benefits.

Ade Molajo is not affiliated with any of the companies which are mentioned in this article.

DEBT COLLECTION, RESTRUCTURING & INSOLVENCY (DCRI)

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Friday, 20 April 2018

Chairperson: Dr Attila Kovács

Our Practice Group meeting during the upcoming GGI European Regional Conference in Berlin will continue in the same direction of our last meeting in Vienna, focusing on crisis early stage approach.

A limited number of distressed com-

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panies approach each situation promptly enough to avoid bankruptcy procedures and to go back to market successfully, through a creditor composition plan or a restructuring agreement.

On the other hand, if they had reacted at an earlier stage their restarting plan would be much more reliable and solid. Why doesn't it happen more often? Why are entrepreneurs unable to see how quickly insolvency can become an issue in their companies? Which of the legal options available in Europe has the best track record and the best positive feedback? What can advisors do, or improve, to provide a better approach to early-stage crisis in small-cap firms especially?

These and further questions will be discussed during a panel discussion with participants from different countries.

Beside this, we will learn a little bit more about the most recent developments in Germany regarding insolvency, bankruptcy and debt collection. There will also be a presentation about a cross-



Dr Attila Kovács

border insolvency litigation between a bankrupted financial institution and Saxo Bank as an unlawfully preferred creditor of its debtor.

We hope to see all our regular members and also many new faces and look forward to meeting you soon with interesting topics and a great Irish whiskey tasting at the end of the meeting!

Insolvency & Bankruptcy Code – Doing Business in India for Foreign Trade Creditors

By Adityar Kumar

The right of foreign creditors to participate in the winding up of Indian companies is well recognised by the Indian Judiciary. As early as 1961, the Supreme

Court of India, in *Rajah of Vizianagaram* (AIR 1962 SC 500), clarified that foreign creditors have the same right as Indian creditors in winding up proceedings under Indian law. However, considering the immense litigation already pending

in courts, it would take almost four to five years for creditors (both domestic and foreign) to be able to recover anything from the company.

To do away with this, The Insolvency and Bankruptcy Code (IBC) was in-

roduced and has been dubbed to be a game changer in terms of the corporate insolvency resolution process. There are various stages in the entire process: admission of the insolvency petition, the process of forming a resolution plan to revive the company and ultimately the revival of the company. The Insolvency Code comes in an environment where many Indian companies have gone global and have made acquisitions outside India. While the current Government has been taking credit for the improvement of India's ranking in the global 'ease of doing business' lists, there are various issues that plague the Insolvency Proceedings and Matters, such as:

1. The NCLAT has noted that filing of the certificate of **recognised financial institution** confirming that there is no payment of operational debt is mandatory. NCLAT has further noted that any certificate given by a foreign bank cannot be relied upon to decide default of debt since it is not a financial institution under IBC. Thus, a foreign operational creditor which does not have a bank account in India would not be able to initiate an action for insolvency. However, this extremely narrow view needs to be tempered with the following caveats:
 - (i) All definitions start with 'unless the context otherwise required'. The decisions laid down by the Hon'ble Supreme Court in the winding up regime under the Companies Act note that foreign creditors and Indian creditors stand on an equal footing and thus, there should be equitable treatment between them.

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Aditya Kumar

The said premise of equal footing may have been watered down due to the technical reading of the IBC and giving impetus to **form over substance**. The intent of the certificate is to show that no payments have come and that the petition is bona fide, which can be easily shown by a certificate from a foreign bank or foreign institution with whom the operational creditor has an account.

- (ii) The regulations framed under IBC show that debt can also be of a foreign currency. Thus, a foreign operational creditor to whom a debt is due in foreign currency should be able to initiate an action and its petition must not be denied on a technical ground. Also, the regulations provide that an operational creditor can submit its claim to the IRP during the insolvency process where the requirement is to provide 'a bank account'. It does not specify whether the bank account should be of a scheduled bank in India. So, a foreign trade creditor can give its claim to the IRP in the process but cannot initiate an action itself. This is an ambiguity which could not have been the intent of the legislature.
- (iii) Another question which may arise is whether a certificate from foreign branches of Indian banks will suffice for a foreign creditor? This is a very critical issue which

concerns the foreign trade creditors which must be settled by the Supreme Court or by way a clarification issued by the concerned Department of the Central Government to safeguard the interest of the foreign trade creditors.

2. The foreign joint venture parties or investors are also concerned about the fact that the nature of their claim is difficult to classify under the IBC, and whether their rights against a company in difficulty are actually or potentially compromised not by the distress of their counterparty but by what appears to be odd drafting in the IBC. Given the intention of the IBC to improve the ease of doing business in India and facilitate realisations by all creditors, that cannot have been intended. Therefore, it is suggested that all foreign investors or creditors need to review their contracts with Indian counterparties so that, pending such a refinement of the drafting of the relevant definitions under the IBC, they are as well protected as they can be by the terms and conditions of their contract – by making as clear as possible that their claims would qualify either as financial debt or operational debt and therefore mitigating the risk that they will not be able to enforce and prove effectively under the IBC if their counterparty becomes financially distressed.
3. The IBC does not adequately address the issues that arise when a debtor has assets or creditors in jurisdictions outside India. The IBC does not discriminate between domestic and foreign creditors, and creditors who may be resident outside of India are permitted to commence and participate in proceedings under the IBC. However, the IBC does not provide any mechanisms by which an insolvency resolution professional or liquidator may access a debtor's assets located abroad other than to state that the Central Government may enter into bilateral agreements with other countries to deal with cross border insolvency issues. The new law also

fails to address what happens if insolvency proceedings against a debtor are commenced concurrently in more than one jurisdiction. Ways of dealing with these challenges are provided in the UNCITRAL Model Law on Cross-Border Insolvency, which a number

of countries have adopted into their domestic legislation.

To conclude, one may say that though the Indian Government has taken a leap in providing a mechanism for insolvency within a stipulated timeframe, there are

various legislative changes that are required to make it even more friendly for the foreign creditors. It is necessary that the implementation of the Law be periodically reviewed to iron out any issues that may arise, some of which have been highlighted above.

GLOBAL MOBILITY SOLUTIONS (GMS)

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Friday, 20 April 2018

Chairperson: Huub Kapel

At the European conference we want you to be (more) aware of the various business risks/opportunities when it comes to global mobility. Therefore, this session will not be (too) technical and as such is recommended for all participants, whether you are a lawyer, accountant, business or tax adviser. Our combined knowledge and experience in this respect will be worth its weight in gold.

PART 1: European social security

European social security is just one of the minefields many advisers tend

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to leave aside when advising on international assignments, unaware of the related risks. After a general description of the European social security rules, we will demonstrate the differences, risks and opportunities through an interactive map designed by LIMES international.

PART 2: Global Mobility Solutions: when should we contact you?

Whether it is caused by new production locations or distribution markets, shared service centres or international career opportunities, companies and their employees are working around the world; but where to start when your client enters a new location?

The co-ordination of the legal, business, tax and social security aspects of an international assignment is a hot potato situation not many firms can or want to handle. However, at GGI we are in a unique position to offer our clients an integrated solution from an international legal, business, tax and social security point of view. During our interactive session we will ask your input based on the following case study:

- Non-resident employer,
- without presence in your country (yet),



Huub Kapel

- will assign its first employee to your country, whereby it is assumed that
- the tax levy on his salary is allocated to your country, and
- the employee will be subject to social security in your country.

Your input based on your experience as a lawyer, accountant, business or tax adviser is highly appreciated e.g. relating to employment law (contract structure/wording and local employment law requirements), compensation models, insurance, tax and social security implications and practical (payroll) issues. Which legal, tax and business issues do we/our clients need to work through in view of global mobility? Alternatively, when should we contact you for advice?

We hope to see you all!

INDIRECT TAXES

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Friday, 20 April 2018

Chairpersons:
Steve McCrindle
and **Toon Hasselman**

1. Interactive talk-show / Plan B for Brexit

With the UK preparing to leave the European Union, and as this is the European Conference, we will be focusing on Plan B for Brexit.

We all have clients with business activities in or with other EU Member States, but for EU established businesses with business activities in or with the UK, or vice versa, what will be the Indirect Tax implications post Brexit? Presently there are no agreed trading arrangements. If there is a 'hard' Brexit, such that there is no trading agreement between the EU and the UK, what contingencies do your clients have in place to protect their business interests?

We will explore areas of Indirect Tax

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Steve McCrindle

that may be adversely or positively affected by Brexit and what the potential solutions may be, such that participants have ideas that they can discuss with clients, i.e. Plan B.

As part of the session, we would like to include the views of accountants, Direct Tax practitioners and lawyers, and so extend our invitation to interested accountants, direct tax practitioners and lawyers that are interested in Plan B for Brexit and in its two way implications: EU into the UK and vice versa.

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Toon Hasselman

We will also seek comment and insight from participants on what they require from the Indirect Taxes PG leadership to assist them with Plan B for Brexit!

2. News-show / VAT Update

We will also take a look at VAT changes and interesting cases - technical, funny or otherwise - from around the world.

Overall, we will seek to run an open, interactive, practical and hopefully fun session that allows participants to contribute and investigate business challenges and opportunities. We will be largely reliant on the active participation of all those present.

Participants

Anyone interested in providing Indirect Taxes information or questions, whether interesting, funny, or otherwise absurd, please let Steve know. This may be your moment to shine!

INTERNATIONAL TAXATION (ITPG)

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Thursday, 19 April 2018

Chairperson: Oliver Biernat

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One interactive session will deal with Trump's final tax reform. Robert Frank & Jeffery L. Mowery will update us on this and will conduct a controversial discussion with the European ITPG chairs and all on the impact of the reform for the Europeans, so prepare your questions and comments.

The second interactive session will deal with questions such as 'Can one today hide in an ever public digital world?' and 'Is being offshore a paradise or a future hell?' Prof Robert Anthony will moderate round table discussions where we will look at obligations of exchange of information, OECD involvement thereto, tightening to encourage transparency, compliance issues and paradise press.

Jean-Pierre Verlainne will briefly explain how to choose a holding location considering tax aspects and Edward



Oliver Biernat

Hendrickx & Andre Groeneveld will stop the privacy panic and explain the new EU data protection rules for tax professionals.

The Calm before the Storm

By Sergio Guerrero Rosas

It's true that it has been a slow year in taxation but we can't take our minds off what is yet to come for Mexico; major changes will be happening and we have to be prepared for them.

Some of the 2018 tax modifications and changes include the incentives granted to the companies that suffered from the tragic events on September 2017 - the Mexican government is helping out those most affected by this earthquake.

Meanwhile, taxpayers who are obliged to pay the hydrocarbons exploration and extraction tax will be able to offset balances in favour against subsequent payments of such tax.



Sergio Guerrero Rosas

Given the recent rulings issued by the Supreme Court of Justice, the obligation

to provide certain information regarding relevant transactions will be incorporated into the Federation's Revenue Law for 2018. In this sense, taxpayers will be obligated to provide, on a quarterly basis to the Mexican tax authorities, information regarding financial derivative transactions, transactions with related parties, transactions related to the participation in the equity of other companies and changes to tax residence, corporate restructures and other similar transactions. All these changes will make the monthly surcharges rate for late payment of taxes increase from 1.13% to 1.47%.

Other modifications include the renewal of excise tax and toll roads
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incentives and the deduction of employee profit sharing for the purposes of advance income tax payments. It is worth noting that there are no further amendments in connection with the BEPS action plan.

It is election year in Mexico and although everything that is being said are just proposals, we can't stop speculating on what is to come over the next six years.

Candidates are bringing different ideas to the table in many aspects of their campaign but the one we are most worried about is Mr Andres Manuel Lopez Obrador, also known as AMLO, the left-wing candidate who leads every poll in the country.

As a country we should not be worried about a left-wing candidate winning the election, but how the business community will react and whether current investors will believe in him is important because a bad reaction from foreign investors would represent a major hit to Mexico's economy.

Enrique Peña Nieto, the current president of Mexico, sought to strengthen the economy by attracting foreign investment for important economic sectors such as the energy industry, but AMLO has different ideas for Mexico's future and many of his plans are aimed at helping the lower class in the poorest regions of the country; to fulfil these goals he plans on cancelling the energy reform as well as the construction of Mexico City's new airport.

While the other candidates keep fighting and blackmailing each other, Mr Lopez Obrador keeps winning over the Mexican people and going up in the polls.

NAFTA's boom has calmed down

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in the last month but we can't let our guard down on this topic because pressure and uncertainty increases with every day that passes by and with so little progress being made, we don't see an agreement in sight.

With elections coming in the United States and Mexico, we can be almost certain that we won't have an agreement before 2019. This time of uncertainty is just blocking foreign inversions, with Mexico being the most affected. In the long run, supposing that Mr Trump chooses to leave the treaty, Mexico will survive the hit but it will have a huge impact on our investments - and that is terrible news for a country whose expected growth for 2018 is lower than 2%.

It will surely be a devastating first year for our economy but in the end it is a lose-lose situation for everyone. North American countries complement each other with this treaty, which helps them to compete with other regions of the world; breaking the link between these countries would therefore be a mistake.

Mexico is currently half-way through a tax reform which just doesn't seem to end. It's common to see tax authorities celebrating each tax reform goal met; however, tax collection levels are still below those recommended on an international scale.

The OECD keeps a record of tax collection in Mexico; it is lower than the average of the rest of the member countries. Even at a regional level, several Latin American countries have higher levels of tax collection than we do.

The representatives of the private sector have quickly proposed a series of measures to address the US reform – they have even asked Congress to convene an extraordinary term to discuss the issue. This opportunity should be used to propose tax changes in Mexico that, indeed, lower the taxes on companies and businesses so the country can protect itself against the eventual flight of corporations and foreign investment – but reforms shouldn't focus solely on this sector.

LABOUR LAW

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Friday, 20 April 2018

Chairperson: Jeffrey L.R. Kenens

The EU General Data Protection Regulation (GDPR) is the most important change in data privacy regulation in 20 years. GDPR makes its applicability very

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clear – it will apply to the processing of personal data by controllers and processors in the EU, regardless of whether the processing takes place in the EU or not.

The enforcement date is 25 May 2018 at which time those organisations in non-compliance may face heavy fines. Under GDPR, organisations in breach of it can be fined up to 4% of annual global turnover or EUR 20 Million (whichever is greater).

During our Practice Group meeting we will discuss the impact of GDPR specifically on the employment relationship:

- What constitutes personal employee's data?
- Do I have to get an employee's consent to retain personal data?
- How do I deal with disabled employees in terms of privacy and reintegration?
- What are the rights of my employees



Jeffrey L.R. Kenens

- under GDPR?
- What steps do I need to take?

This Practice Group meeting is open to all participants to the conference, so please join us and share your thoughts about GDPR.

How to Prevent and Remedy Sexual Harassment in the Workplace – Part One

By Katharine Batista

This blog is the first part of the 3-part series, 'How to Prevent and Remedy Sexual Harassment in the Workplace'. Part 2 will address how to handle complaints, conduct investigations and take remedial action. Part 3 will address new legislation to look out for.

In 2017, we saw the 'Weinstein Effect',

and a deluge of women with their own stories of sexual harassment against men in positions of power has followed. The allegations implicate every industry: entertainment, media, hospitality, politics, law and finance. Now, in 2018, what we are seeing is the response and employers need to determine what theirs will be.

Use this time as an opportunity to

proactively address the issue, rather than play defence. Every business should use this period to examine its internal prevention of and response to sexual harassment allegations. Chief Justice Roberts even recently announced that the judiciary will begin 2018 by carefully reviewing their own policies and procedures for investigating and correcting

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inappropriate behaviour. Rather than fearing the surge, taking a clear stance not only provides your workforce with a secure environment in which to work and flourish, but protects your company from costly litigation.

Address Your Company Culture and Educate

Look the culture of your company in the eye. Be honest. What the recent onslaught of sexual harassment allegations shows is that companies are remiss to ignore a harassing culture and hope no one complains. This is the ideal time to address problems because people are acutely aware of the seriousness of the issue – and the potential cost to the company. The simplest way to begin is by training. Consider that training should have two objectives: for your workforce generally, to educate on what behaviour is not appropriate, and for your management and human resources employees, to identify sexual harassment, receive complaints and remediate. When focusing on educating employees, as we have learned, what may seem obviously inappropriate and prohibited to most, is not to some. The key is to deliver the training in a way that is clear and taken seriously. Yes, I'm saying nix the 1980s videos with dramatic re-enactments. When training management and human resources the focus should be on understanding the range of conduct prohibited as sexual harass-

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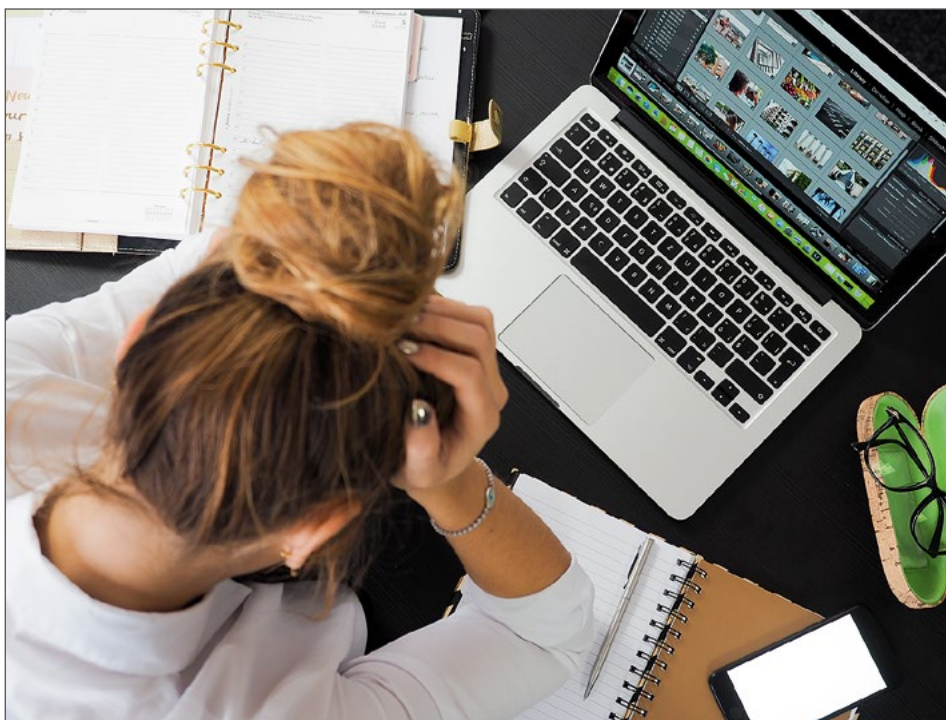
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ment, responding to and correcting the problem, and, of course, conveying that the company does not tolerate it.

Also, your employees should understand that sexual harassment comes in many forms. Under the law, harassment is distinguished between quid pro quo harassment and hostile work environment. Quid pro quo, or this for that, is the type of harassment we have seen much of in the news. The harasser tells the victim that he or she can advance the other's career in exchange for sexual activity. A hostile work environment is one in which an employee is subjected to conduct because of his or her sex that is severe or pervasive enough to al-

ter the conditions of employment. Most people understand the egregious or severe types of sexual harassment, but some situations may not be so clear. For example, your employees should understand that an employee may have a viable claim even if the majority of the harassing comments were not directed towards the complainant. Alternatively, a single instance of harassment may be enough to support a legal claim if it is severe enough; or you can have an instance of sexual harassment between individuals of the same sex. The law is more nuanced than many may realise, and that is why training is integral.

Evaluate your internal policies and make sure they are compliant with federal, state and local laws. Make sure they are current. For example, your policy should not state that complaints should be reported to Susan the HR Director when there is no longer a Director position and Susan has left the company. Rather, offer multiple people to whom complaints may be reported. Again, thoughtfully consider whether these individuals are actually people other employees will feel comfortable approaching. It probably should not be the office gossip. In addition, make sure you identify, but not exclusively, types of prohibited conduct. Examples are always helpful.

LITIGATION & DISPUTE RESOLUTION (LDR)

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Friday, 20 April 2018

Chairperson: **Johan F. Langelaar**

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After a speed networking session, two presentations will be delivered:

1. Wolfgang Fürnschuss will discuss 'Aspects of asset protection a Liechtenstein foundation provides', in particular, the lack of jurisdiction for proceedings against a Liechtenstein foundation even in the case in which there is a final non-Liechtenstein judgment against the foundation's (foreign) beneficiary.
2. Dr Karl Friedrich Dumoulin will talk about 'The European Order for Payment (EOP)'. Regulation EC 1896/2006 created a first genuine European civil procedure – the EOP procedure. The presentation gives an overview on the scope of application, procedure, issuing and serving as well as opposition and enforceability.



Johan F. Langelaar

We will gather after the PG meetings at the hotel bar to continue our discussion over some drinks.

Preliminary agreements in Australia – are they enforceable?

By **Andrew Lacey**
and **Danyal Ibrahim**

Preliminary agreements are common precursors to complex commercial contracts, and take the form of documents such as heads of agreement, letters of intent and memoranda of understanding, to name a few. They are also used in the context of conveyancing of properties, sale of business and supply of goods or services.

The enforceability of the preliminary agreements has been a long standing and persistent issue in Australian law. Whether these agreements are enforceable will turn upon a number of principles laid down by Australian authorities.

They are generally not enforceable if they amount to no more than a mere 'agreement to agree'. However, there are numerous cases where the courts have found such agreements to be binding.

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When will preliminary agreements be binding?

In the seminal case of *Masters v Cameron* (1954) 91 CLR 353, which was decided in the highest court in the Australian court hierarchy – the High Court of Australia, it was held that only certain categories of preliminary contracts will be binding.

The Court noted that in circumstances where the negotiating parties have reached agreement upon contractual terms, but have decided that the substance of their negotiations will be dealt with in a formal contract, the agreement may belong to one of three classes:

- the parties have reached finality in arranging all the terms of their bargain and intend to be immediately bound to the performance of those terms, but at the same time propose to have the terms restated in a form which will be fuller or more precise but not different in effect;
- the parties have completely agreed upon all the terms of their bargain and intend no departure from or addition to that which their agreed terms express or imply, but nevertheless have made performance of one or more of the terms conditional upon the execution of a formal document; or
- the intention of the parties is not to make a concluded bargain at all, unless and until they execute a formal contract.



Andrew Lacey

The Court held that preliminary agreements falling into the first two classes will be binding, however, preliminary agreements belonging to the third class will not be enforceable because there is no intention by the parties to be bound.

Accordingly, the enforceability of a preliminary agreement that satisfies the basic requirements of a legally binding contract (such as the terms of the contract being sufficiently certain and complete) will ultimately turn upon whether the parties intended to be bound.

How do courts determine the intention of parties?

The issue of whether the parties intended to be bound by the preliminary agreements is to be determined objectively.

In determining the parties' intention, the courts will consider the wording of any correspondence exchanged between the parties, the nature of the negotiations, the history and behaviour of the parties and the circumstances giving rise to the dispute generally (see generally *Pavlovic v Universal Music Australia Pty Ltd* [2015] NSWCA 313 and *Feldman v GNM Australia Ltd* [2016] NSWSC 920).



Danyan Ibrahim

The recent case of *Nurisvan Investments Ltd & Anor v Anyoption Holdings Limited* [2017] VSCA 141 is a useful example of how the courts ascertain the intention of the parties. The Court in that case noted that the use of expressions in the heads of agreement such as 'the Vendor wishes' and 'the parties wish' demonstrated that there was no present obligation on the parties, only an expression of what they wished to do in future.

The terms in the agreement also left much to be negotiated. On that basis, the Court concluded that the heads of agreement did not constitute a binding contract between the parties, and amounted to no more than an agreement to negotiate in good faith to reach a final contract.

Conclusion

Parties to negotiations must clearly express their intention when entering into a preliminary agreement.

If the preliminary agreement is not intended to be legally binding, parties should not simply rely on a 'subject to contract' term contained in the agreement. Instead, it is prudent to clearly state that none of the parties intend to be bound by the agreement (or any part thereof), and that the provision of the agreement does not constitute a formal offer, nor does its 'acceptance' constitute a binding agreement between the parties.

M&A

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Friday, 20 April 2018

Chairperson: Tim van der Meer

If you have never made a mistake in your professional life and if you are sure you will never make any in the future, this might not be the M&A PG Meeting for you. The M&A Practice Group, however, could never have become the most experienced M&A network if we would had not learned from the mistakes that we have made or

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seen ourselves. This year's M&A PG meeting will be about learning from our and other's mistakes.

- Dealbreakers on the 'Legals' by Robert Thompson, Ward Hadaway
 - Pricing phrases in heads of terms/ LOIs.
 - Differences in practices and undertakings between different jurisdictions.
 - Common issues in private equity deals.
- Dealbreakers in financial dealmaking by Tim van der Meer, Marktlink Mergers & Acquisitions:
 - Dealbreaker #1: Current trading vs budget
 - The wobbly bridge between Enterprise & Share Value
 - The danger of the use of ebitda multiples
 - The negative impact of real estate in DCF Valuation
- 3 Mistakes to avoid when sharing data and information in M&A processes, Jeroen Kruithof, The Room

This 'misstep journey' is only complete if all participants are willing to



Tim van der Meer

share deal breakers that they have seen themselves. So please, join us during the discussion, be open and share both your and other's mistakes! As a deal breaker, and to avoid a mistake, all participants are kindly invited to join the M&A Drinks at the hotel bar where the first drinks will be offered by the M&A Practice Group.

REAL ESTATE

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Friday, 20 April 2018

Chairperson: Paul Simmons

I am looking forward to our meeting when we will have a fascinating time increasing our knowledge of property matters and markets and sharing information on property deals

and investment opportunities.

Our friend Dr Michael Bihler, from GGI member firm LUTZ | ABEL, will provide intriguing insight into the real estate market in host country Germany and provide advice and tips for overseas buyers.

At our last PG meeting, we collected useful information from the participants in respect of investment re-

turns and capital growth on real estate around the world. It will be fun and interesting to add to this database at the meeting.

There will then be time for attendees to share and discuss property investment opportunities. This should be a dynamic and engaging session when we can promote deals our clients have

...next page

and which may be of interest to the clients of other attendees. This should be a win-win for our clients and enable attendees to work with each after the meeting.

There will then be short time allowed for attendees to present property investments and if you would like to do so please contact the PG Global Chairperson Paul Simmons (by email pdsimmons@hwca.com).

Please do come to the meeting to benefit from expert insights into the property market and to find ways of helping your clients and the clients of other attendees.



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TRUST & ESTATE PLANNING (TEP)

GGI European Regional Conference, Berlin, Germany

Practice Group Meeting Summary
Friday, 20 April 2018

Chairperson: Henry Charles

Global Transparency – a blessing or a curse? How is it for you?

The Practice Group Chairperson, Henry Charles of Citroen Wells Chartered Accountants (UK), will provide a brief update as to the development of the Practice Group and planned future meetings.

Following this, attending delegates from a variety of countries will be invited to enlighten us about their individual experiences and views on **Global Transparency** and, in particular, how they see this developing, for better or worse, and its impact on the international trust industry.

Ensuing informal discussions on the topic of increasing global transparency will consider, but not be limited to:

- perspectives from a number of jurisdictions on the impact and personal experience of increased tax reporting requirements; and
- public trust registers; and
- where we see these initiatives going; and
- whether (and who/when) somebody might stick their hand up and say enough!

Discussion is encouraged and questions are welcomed.



Henry Charles

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Changes to New Zealand Trust Law

By **Bethan Boscher**

New Zealand's current trust law was enacted over 60 years ago. Like many other trust laws, few statutory updates have been made to it, with the trust law instead being developed through the Courts and common law. However, New Zealand trust law is in need of a revamp and a new trustee act is currently progressing through parliament, anticipated to be introduced over the next year. This new law is expected to bring welcome clarity for trustees, resulting in one of the most up-to-date trust laws globally, which is fundamental to the best administration of New Zealand trusts.

Trusts are widely used in New Zealand, with New Zealand having one of the highest rates of trusts per capita in the world. Globally, trust law has

developed significantly over the past ten or so years and many trust centres have taken the opportunity to update their trust laws in-line with modern industry standards. New Zealand has been somewhat slower in updating its trust law, however, the result is that the country has had the opportunity to review other countries' updated laws to fine tune the much needed update to our trust law.

Importantly, the new law will not codify New Zealand trust law, ensuring the law can continue to adapt and develop to changes in society. Instead, the new law aims to capture and clarify the existing position to provide clear, simple and accessible trust law.

One of the key features of the new law is to set out clearly the duties and powers of a trustee. New Zealand family trusts do not always have a profes-

sional acting as a trustee. Given that so much development of trust law has been through common law, there is a concern that non-professional trustees may not fully understand the extent of their obligations and duties. The new law addresses this by setting out mandatory trustee duties that can never be excluded as well as default duties that can be modified by the Trust Deed. Extensive trustee powers are also contained in the bill to ensure trustees have the upmost flexibility when managing and investing trust property. While these provisions are not a significant departure from the existing common law position, by consolidating these, the new law makes it clear to trustees what is expected of them.

Currently, the rule against perpetuities restricts trusts to a maximum existence of 80 years. Many trusts that

were established when the law was introduced are nearing this expiration date and it is becoming apparent that it is not always appropriate to end trusts so early in modern society. The new law abolishes this rule and instead allows trusts to exist for 125 years, allowing families greater time to benefit from the trust structures.

The standard of a trustee's liability and what indemnity a trustee is entitled to have developed significantly since the existing law was introduced. The new law updates the position and confirms that a trustee will be liable for and cannot be indemnified for any breaches of trust arising from its dishonesty, wilful misconduct or gross negligence.

Importantly, a welcome change in the new law is the ability to deal with trust property when a trustee becomes legally incapacitated. Currently, if a trust holds property, applications to court are needed to vest that property in the continuing trustees following the removal of an incapacitated trustee. The new law resolves this situation by allowing the continuing or replacement trustees to vest trust property on behalf of an incapacitated trustee without the need for a costly court application.

The new law also intends to clarify the duties on trustees to provide information to beneficiaries, confirming a presumption in favour of disclosure of



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trust information to beneficiaries but also a list of several factors that trustees can consider as a rebuttal to this presumption.

Finally, an important provision that the bill retains and develops from current law is the concept of 'Special Trust Advisers' ('Adviser') (a role called Advisory Trustees under the existing law). This is a unique role under New Zealand trust law that offers a real benefit to settlors. Under the new law, an Adviser may advise the trustees on any matter related to the Trust but, importantly, does not have any powers or duties, making it clear they do not act in a fiduciary position. Unlike the role of protector used elsewhere, trustees are not required to consult with the Adviser nor

are they required to follow their advice. However, if the trustee chooses to act on the advice of the Adviser, the trustee will be protected from liability for any act or omission made as a result of this advice, provided they have not acted dishonestly, with wilful misconduct or grossly negligently. Unlike a protector, the duties and powers of an Adviser are clearer and the role creates an opportunity for those settlors who wish to divest control of their assets through a trust structure while retaining a level of involvement in the administration of the trust - something particularly welcome for those settlors with tax planning or asset protection concerns.

Following the introduction of the new trust law, New Zealand will have a clear, modern trust law accessible to settlors, beneficiaries and trustees, helping to ensure best practice in the administration of New Zealand trusts.

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Extreme Teams: Why Pixar, Netflix, Airbnb, and Other Cutting-Edge Companies Succeed Where Most Fail

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- What Pixar does to avoid repeating what worked for it in the past
- Why Netflix rewards average performance with a generous severance

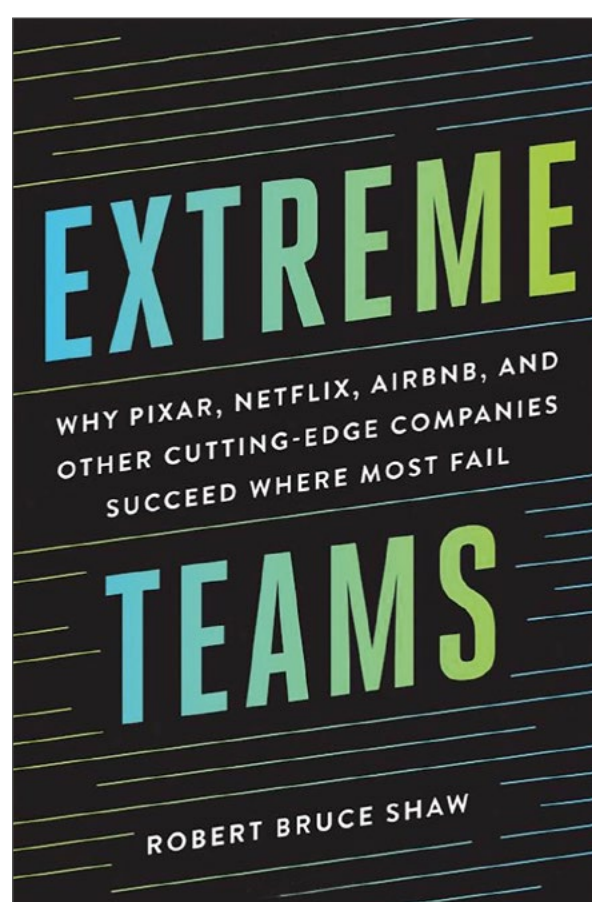
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Filled with success stories from some of the most exciting firms operating today, *Extreme Teams* will push you to think about teams in new ways. It is filled with pragmatic suggestions that you can use to move your team to the next level of engagement and performance. This is the book for those who want to go beyond traditional approaches to teamwork and build truly great groups.

Robert Bruce Shaw is a management consultant focusing on the effectiveness of leaders and their teams. He earned his doctorate in organizational behavior from Yale University and is the author of numerous management

books and articles including *Trust in the Balance* and *Leadership Blindspots*.



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Author: Robert Bruce Shaw

Publisher: AMACOM (16 February 2017)

Language: English

Hardcover: 256 pages

ISBN-10: 0814437176

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