



**THE STATES assembled on Tuesday,  
26th January, 1988 at 10.15 a.m. under  
the Presidency of the Deputy Bailiff,  
Vernon Amy Tomes, Esquire.**

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All members were present with the exception of –

Senator John Stephen Rothwell – out of the Island.

Senator Terence John Le Main – out of the Island.

Fred Philip Webber Clarke, Connétable of St. Helier – out of the Island.

Michael Adam Wavell, Deputy of St. Helier – out of the Island.

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Prayers

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**Subordinate legislation tabled.**

The following enactments were laid before the States, namely –

- 1. Depositors and Investors (Prevention of Fraud) (List of Registered Persons) (Jersey) Order, 1988. R & O 7716.**
- 2. Road Traffic (Saint Brelade) (Amendment No. 11) (Jersey) Order, 1988. R & O 7717.**

**Matters lodged.**

The following subjects were lodged “au Greffe” –

**1. Draft Evidence (Criminal Proceedings in other Jurisdictions) (Jersey) Law, 198 . P.6/88.**

Presented by the Legislation Committee. The States decided to take this subject into consideration on 16th February, 1988.

**2. Halfa, Beach Road, St. Saviour: day nursery. P.7/88.**

Presented by Senator John Stephen Rothwell. The States decided to take this subject into consideration on 9th February, 1988.

**3. Chief Officer, States of Jersey Police Force: extension of contract.**

Presented by the Defence Committee and lodged "au Greffe" by the Connétable of St. John.

**Government House: conversion of the stable block/coach house. P.5/88.**

THE STATES acceded to the request of the President of the Public Works Committee that the Proposition regarding the conversion of the stable block/coach house at Government House (lodged on 19th January, 1988) be considered on 9th February, 1988.

**Referendum: introduction of legislation. P.15/87. Withdrawn.**

THE STATES noted that in pursuance of Standing Order 17(6) the Proposition of Senator Stephen John Rothwell relating to the introduction of legislation to make it possible for a referendum to be conducted in Jersey (lodged on 20th January, 1988) had been withdrawn.

**Movement of monies into the Island. Questions and answers.**

Senator Richard Joseph Shenton asked Senator Reginald Robert Jeune, President of the Finance and Economics Committee, the following questions –

- “1. Will the President inform the House whether he is satisfied with the present legislation regarding the movement of funds to the Island?
2. Will the President not consider it helpful for the House to be informed of measures which have been introduced to ensure that criminal elements do not benefit from the Island’s constitutional status?
3. In view of the unfair representation of views on the recent ITV television programmes, is the President satisfied that his decision not to appear was the correct one?
4. Will the Finance and Economics Committee consider issuing a code of conduct to all financial institutions, legal and accountancy practices with regard to the setting up of companies and the reception of funds in order that the Island’s good name may be protected?”

The President of the Finance and Economics Committee replied as follows –

- “1. The movement to the Island of the proceeds of organised crime, and from drug trafficking in particular, to which I understand the Senator to be referring, can be frustrated in two easy for the most part. Firstly, through the vigilance of those receiving funds from outside the Island and through the commitment of all deposit-taking institutions of the stature of those represented in the Island not to be involved with doubtful business. Secondly, by the

authorities making it clear that those engaged in such activities will find no refuge for their funds in Jersey and through the existence of legislation that allows a proper process of investigation when the presence in Jersey of the proceeds of organised crime is identified.

We cannot say that Jersey is definitely not being used to 'launder' drug money, no more than this could be said about London or any such financial centre. It is noteworthy that, in the recent World in Action programme, the proceeds of drug trafficking in the form of American currency were accepted by a major bank in the City of London before being transferred to an account in the Isle of Man. However, the stature of the banks established in Jersey – nearly all of whom are banks in the world's top 500 by size – together with the commitment of the authorities themselves, has ensured that Jersey has figured less prominently in the handling of the proceeds of drug trafficking – and certainly in the handling of cash – than other financial centres including London.

In July 1985 the Island welcomed the House of Commons Home Affairs Committee under the Chairmanship of Sir Edward Gardner then investigating the misuse of hard drugs. In minutes of evidence taken before the Home Affairs Committee on Wednesday, 20th November, 1985, the Chairman is quoted as saying – 'we went to the Channel Islands to enquire of the bankers and others involved in financial affairs in the Channel Islands some time ago so that we could satisfy ourselves, as indeed we did, that the reports that we had heard in the United States that a lot of money was in fact being channelled through banks in that area were reports that had no foundation in any evidence that we could discover or evidence that any of the authorities had any direct, or indeed, indirect access to'.

Whenever the laundering of drug money through a Jersey bank is identified, every reasonable assistance is given to other enforcement agencies to bring those concerned to account. There are a number of ways in which this support is presently provided. The Bailiff has the power, under Article 17(2) of the Misuse of Drugs (Jersey) Law, 1978 on information on oath, to issue a warrant, to seize and detain any document, and to quote, 'directly or indirectly relating to, or connected with, a transaction or dealing which was, or an intended transaction or dealing which would if carried out be an offence under the Law, or in the case of a transaction or dealing carried out or intended to be carried out in a place outside the Bailiwick, an offence against the provisions of a corresponding Law in force in that place'. The Misuse of Drugs Law has been used on many occasions to assist in the pursuit of those engaged in the laundering of drug monies.

There is also section 5 of the United Kingdom Extradition Act 1873 which is extended to Jersey and which enables an Order to be made for the taking of evidence and production of documents for the purpose of any criminal matter pending in any court or tribunal in any foreign state. In addition, the Evidence (Proceedings in Other Jurisdictions) Act 1975, as extended to Jersey by Order in Council, enables the Royal Court to give effect to an application by another court for assistance by making provision for obtaining evidence in Jersey including the examination of witnesses, production of documents, inspection, photographing, preservation, custody or detention of any property, and the taking of samples and the carrying out of experiments, in any case where proceedings have been instituted.

The Finance and Economics Committee is agreed that in addition to the ability to pursue those engaged in

the laundering of drug monies through the powers presently available, there is the need to provide for the confiscation of assets in the same way as has been provided for in the United Kingdom Drug Trafficking Offences Act. We have indicated our intention to enact local legislation paralleling the United Kingdom Act, and that legislation will be placed before the States later this year.

This is not to say that there is not even more that should be done. In respect of serious fraud, and other organised crime, the Finance and Economics Committee is looking, with the Attorney General, at the extent to which the relevant powers of the United Kingdom Criminal Justice Act 1987 should be reflected in local legislation. The Committee is also hoping to bring before the House later this year a new Companies Act and I believe this, together with the proposed replacement of Corporation Tax Companies by Exempt Companies, will further assist in protecting the good name of Jersey as an international finance centre.

2. I hope that in the answer to the previous question I have given the House a full description of the measures already in force, and those proposed, that seek to ensure that criminal elements do not benefit from placing their funds in Jersey rather than retaining them in the United Kingdom.
3. Having seen the World in Action programmes I am convinced that the decision not to appear was the correct one. When an approach was first made by World in Action it was clear that the programme would be biased against the Island. So I suggested to the producer of the programmes that he come to the Island and meet with me and the Economic Adviser to hear what the Island was doing to protect its good name, and in particular to hear of the efforts being

made to limit the use of the Island as a refuge for the proceeds of organised crime, and to learn also of the assistance that other enforcement agencies receive in seeking to bring those concerned to account. The producer replied that he was only prepared to come to the Island if there was a prior in principle agreement to appear on the programme.

We were convinced that if we agreed to be filmed the views expressed would not be given a fair hearing. That concern was confirmed by the programmes, in the treatment given to many of the issues raised. For example, the programme on the laundering of drug monies made no mention of the assistance the insular authorities are presently able to offer to other enforcement agencies, which is considerable and which is much appreciated by those agencies. Yet, according to a letter received by the Attorney General from the Drug Enforcement Administration representative at the United States Embassy in London, the United States Drug Enforcement Administration's view of the co-operation they receive from the insular authorities was made known to the producer and the reporter involved with the World in Action programmes. To quote 'As the Drug Enforcement Administration (DEA) representative in London, I can assure you that the comments made by employees of DEA, both here and in Washington, both on camera and in providing background for the World in Action programme, portray our colleagues in the Channel Islands and the Isle of Man as highly professional and completely co-operative within the allowances of local Law' (the local Law – the Misuse of Drugs (Jersey) Law, 1978 – to which I have previously referred, provides for information to be obtained from banks to assist the drug enforcement agencies of other countries, and as I have already said has been so used on many occasions).

The letter went on to say that 'During August, 1987, Mr. David Westrate, our Assistant Administrator for operations, was interviewed for the subject programme. Prior to that interview, staff in my office briefed Mr. Westrate's staff concerning current matters of mutual investigative interest between the DEA and Jersey, Guernsey and the Isle of Man. Throughout that briefing, this office reminded Mr. Westrate's staff of the high degree of co-operation that exists between our services and, in particular, of the invaluable assistance which the States of Jersey Police have rendered to the DEA in the past. Subsequent to the interview, my office was advised by Mr. Westrate's office that the interview went very well and was concerned principally with the general international aspects of drug trafficking and money laundering.'

On 10th September, 1987, I personally met with Mr. Michael Gillard, Granada Television, concerning this particular programme. I have some difficulty, three months later, recalling verbatim how I described the co-operation between our services to Mr. Gillard. I can with certainty, however, advise you that the sentiment expressed by me was similar to that which I most recently wrote to Chief Officer David Parkinson, States of Jersey Police – 'The Drug Enforcement Administration highly values our daily association with your Force. I feel that this particular investigation is eloquent testimony to the type of co-operation that the States of Jersey Police have continued to impart to our association'.

4. The Finance and Economics Committee, through the regular meetings it holds with representatives of the financial institutions, legal and accountancy services, has always made it very clear that it expects those concerned to act in a way that protects the good name of the Island. There is no reason to suppose that those

concerned have not responded to these representations. Where cases have arisen where the companies incorporated and the funds received have involved persons engaged in organised crime it is clear that at the outset there was often no reason to doubt the soundness of the business.

As I have mentioned earlier there is no way that any financial centre can ensure that it excludes all doubtful business. Other financial centres that have formal codes of conduct, usually produced by the banking associations and discussed and agreed with the authorities, such as Switzerland and the Bahamas, have not through those codes been able to ensure that no doubtful business is undertaken through the financial institutions within their jurisdictions.

I hold the view that while representations can be made to the financial institutions as to how they should operate, and legislation can be enacted which is of great assistance in reinforcing those messages and helping to bring those engaged in criminal activities to account, the first and most important line of defence must be the attitude and integrity of those engaged in the finance industry.

The Economic Adviser in his budget report last year stated that 'in seeking to defend further the Island's reputation as an international finance centre there are two requirements on which particular emphasis might be placed. One is the need for all concerned to adopt a strict 'know your customer' approach. The other is to ensure that when criminal activities are identified every reasonable assistance is given to other authorities in bringing those concerned to account'. He goes on to say that in certain other communities the first requirement is reinforced by the financial institutions joining together through their associations to produce a code of conduct, or a gentleman's

agreement with the authorities, to which all institutions formally subscribe. The second requirement is to be met through the adoption of appropriate statutes, such as those to which I have previously referred, bolstered perhaps by formal mutual assistance arrangements with individual countries. There may be some merit in reinforcing the representations made to the industry over the years through an agreed code of conduct, and I and my Committee will be discussing this matter with representatives of the industry, although in my experience it will be a statement of what is already being practised by the majority if not all of the institutions concerned.

There is vigilance both by those in the industry and by the authorities. For example, information is obtained on the beneficial ownership of all companies being formed in Jersey, something not practised in many other jurisdictions including the United Kingdom. Again, it has been made clear to the financial institutions by my Committee that the Island does not need, and should not be involved with, tax evasion business as opposed to legitimate tax avoidance. We have made similar loud noises concerning the handling of cash in large quantities brought to the Island. However, no matter how vigilant one is, some bad business will get through. What can be said once again is that when this is found to be the case, every reasonable action should be taken to deal with the situation, including assisting other enforcement agencies, and the Committee has plenty of evidence of this response being made by the financial institutions present in the Island. Particularly is this so when the institutions concerned have their good name to protect as well as that of the Island. It is for this reason that the Finance and Economics Committee over the years has pursued a policy, particularly in the sphere of banking, of giving due preference to those institutions

of an international stature. The Committee is willing to consider with the industry any ways whereby this process could be reinforced, whether through formal codes of conduct or additional legislation aimed at extending regulation from the banks to trust companies and the many other firms engaged in providing financial services.

That the reputation of the Island as an international finance centre has continued to be enhanced over the years both absolutely and relatively is a result of the commitment by the authorities, and of the institutions themselves, to the pursuit of quality of business. My Committee is committed to the continued pursuit of this policy. It will not mean, however, that the Island will not be associated in the future with any doubtful business, and in many ways the image of the Island and the soundness of its finance centre operations makes it even more attractive to those engaged in such business who seek to benefit from the Island's cloak of respectability. However, if sophisticated finance centres such as London and New York cannot exclude all criminal elements it would be unrealistic to expect that this Island could do any more than to make sure that those who do get through, in spite of the vigilance, should realise that the confidentiality which rightly extends to those engaged in legitimate business will not be a protection in the response of the Island to requests for assistance from other enforcement agencies.

The success in this endeavour is perhaps best summed up by quoting from a letter written recently to the Attorney General by the Legal Attaché at the United States Embassy in London – 'You may rest assured that the F.B.I. considers Jersey among our closest allies in combating illegal activities'.

**Tree Advisory Council. Statement.**

The President of the Public Works Committee made a statement in the following terms –

“I would like to make the States aware of the measures that are being taken to repair the damage caused to trees by last October’s ‘Great Storm’ and by the effects of Dutch Elm Disease.

A great deal of progress has already been made in clearing fallen trees from both public and private land. It will, nevertheless, be a matter of years before the end of this task is in sight. Of greater significance remains the felling and disposal of dead elm trees. The present estimate is that, of the Island’s original population of some 200,000 elms, there are now less than 10,000 still alive and, of these, only a small proportion are likely to survive.

The Public Works Committee is anxious that, wherever possible, fallen and dead timber is made use of for joinery, for rural purposes such as cladding and fencing, and, in the last resort, as fuel.

Replacing the trees that have been destroyed and the care of those replacements until they reach maturity, is a major issue and my Committee is anxious that, wherever possible, the resources at its disposal should be made available to the public.

In all these activities there is a pressing need for planning and co-ordination. The Committee is looking to the Tree Advisory Council to fulfil this role. The Council has been set up as a Sub-Committee of the Public Works Committee under the chairmanship of a former Deputy of St. Helier, Mr. Norman Le Brocq, together with Deputy Harry Baudains and representatives of The National Trust, the Men of the Trees, The Jersey Farmers Union, the Department of Agriculture and Fisheries, the Planning

Department of the Island Development Committee and the Public Works Department.

In conclusion, the brief my Committee has given the Tree Advisory Council is as follows –

1. To consider the present needs of the Island arising from the loss of trees, resulting from Dutch Elm Disease and the October 1987 storm, and to recommend to the Public Works Committee an overall policy for the next decade.
2. To review the work done in both the public and private sectors for the removal and disposal of dead and fallen trees and to make recommendations for the future.
3. To determine and make recommendations for securing the greatest commercial value of the timber to be disposed of.
4. To plan and co-ordinate the improvement of the existing tree stocks, both as hedgerow trees and the areas of woodland.
5. To plan, advise and co-ordinate schemes for planting trees, having particular regard to the maintenance and aftercare of newly-planted stocks.
6. To consider whether any form of assistance is needed and should be provided to landowners, and to make recommendations accordingly.
7. In all aspects of its work, to give consideration to current land use by commercial agriculture, for amenity purposes and having regard to the Island Plan.”

**Jersey Transport Authority: membership.**

THE STATES, adopting a Proposition of the Harbours and Airport Committee, referred to their Acts dated 10th June, 1980 and 5th May, 1987, regarding the constitution of the Jersey Transport Authority and appointed the following as members of the Authority –

Senator Reginald Robert Jeune, O.B.E.  
Deputy Jack Roche of St. Saviour  
Deputy Thomas John du Feu of St. Peter.

**St. Peter's Youth and Community Centre: caretaker's flat. P.183/87.**

THE STATES, adopting a Proposition of the Island Development Committee, agreed to permit the formation of a caretaker's flat at St. Peter's Youth and Community Centre situated in Aircraft Noise Zone 1, as an exception to their decision of 7th December, 1982.

**Devonshire Mews development, St. Helier. P.194/87.**

THE STATES, adopting a Proposition of the Housing Committee –

- (a) authorised the Housing Committee to negotiate with the respective owners for the purchase of Bird's Yard, Le Geyt Street, St. Helier, shown coloured blue on Drawing No. 1500/SK1A and Nos. 2 and 4 (plus store) Devonia Yard, Devonshire Place, St. Helier, shown coloured red on Drawing No. 1500/SK1A for States' rental development, at a fair and proper price to be agreed with the Finance and Economics Committee;
- (b) agreed that, in the event of it not being possible to reach agreement on a fair and proper purchase price for the properties described in paragraph (a) above, the Housing Committee be empowered to acquire the

properties by compulsory purchase on behalf of the public in accordance with the provisions of the Compulsory Purchase of Land (Procedures) (Jersey) Law, 1961;

- (c) authorised the payment or discharge of the expenses to be incurred in connexion with the acquisition of the said properties and of all legal expenses from the Housing Committee's vote of credit "Land Purchase" (Vote No. C1104);
- (d) authorised the Attorney General and the Greffier of the States to pass, on behalf of the public, any contracts it might be found necessary to pass in connexion with the said property and any interests therein.

**Public Employees (Contributory Retirement Scheme) (Transitional Provisions) (Amendment) (Jersey) Regulations, 1988. P.1/88.**

THE STATES, in pursuance of Article 2 of the Public Employees (Retirement) (Jersey) Law, 1967, made Regulations entitled the Public Employees (Contributory Retirement Scheme) (Transitional Provisions) (Amendment) (Jersey) Regulations, 1988.

THE STATES rose at 11.25 a.m.

**R.S. GRAY,**

*Deputy Greffier of the States.*