



In the City

FORMER Tory Chancellor Ken Clarke duly fought off the bid to unseat him from the board of Savoy Asset Management at last week's shareholders' meeting with the kind of voting support that Saddam Hussein or any dictator would have been proud.

More than 95 percent of the shares held by clients of SAM subsidiary Savoy Investment Management (SIM) look to have voted for Clarke – despite the absence of any dividend since 2002, regular losses until last year and a continued poor stock market performance. Perhaps only 2,000 shares out of up to 3.7 million believed to be held by some 190 SIM clients voted against the chairman. Doubtless SIM polled all its clients and did not exercise any of those votes in favour of Clarke using their discretionary powers, so the voting was free and fair.

Though unsurprising, the result left still unanswered by the SAM board just who are these loyal private clients who make up the bulk of the so-supportive if not supine shareholders – and why have they allowed the directors to enrich themselves with ever bigger salaries while the company under-performed? Since the meeting the shares have continued to slide down to 153p compared to a recent peak of 181p.

One answer lies in a crucial block of 10 percent of SAM shares which are understood to be held through nominees for several trusts located in secrecy-loving Liechtenstein and managed by the appropriately named Bryan Jeeves, the colourful former British honorary consul based in Schaan.

SAM announced that two thirds of those voting had rejected the proposal to sack Clarke, initiated by the company's largest shareholder, the Kuwaiti-based Global Investment House. This was not unexpected as the SAM board has admitted that more than 50 percent of the capital is "working as a concert party" and has done so since flotation in 1997. This fact had not been made public. The Liechtenstein trusts would appear to be part of that undisclosed concert party.

The Kuwaitis polled around 34 percent so were backed by shareholders holding around 9 percent of the company. These included German activist investor Sven Lorenz, who has acquired a 1 percent stake. Lorenz has a large holding in

German asset manager PEH Wertpapier. He turned up with no fewer than 88 questions for the board not to answer. Fellow value investor Julian Treger holds a further 3 percent, but these shares were not voted, seemingly for technical reasons, although Treger is said to be increasingly critical of the SAM management. So the battle for control of SAM may not be over yet.

Which makes the ownership and intentions of the Liechtenstein trusts all the more significant. They all voted in support of Clarke and so ensured the Kuwaiti move was defeated. Global House holds 25.5 percent, but that is matched by the shares held by the majority of the SAM directors and two major shareholders – former director Tom Tutton and the family of former director Brian Banks.

The balance of power was held by the Liechtenstein trusts and other shares mustered by Savoy Investment Management which are mainly held through the Pershing Keen Nominees' TUT

account. That nominee holding, which also includes shares held for some directors, has grown inexorably since the flotation from just under 2m shares to now 3,243,000 or around 34 percent of the company.

So who is behind the Liechtenstein trusts? Jeeves, the keeper of their secrets, has lived in Liechtenstein since 1962 and is a prominent provider of tax haven services, not just amid the snowy Alps

but also in the warmer Caribbean haven of St Vincent. Jeeves is close to the Liechtenstein royal family. He is also a member of the Carlton Club where SAM does much of its business. Bryan Jeeves is also no stranger to SAM founders Christopher Saunders, the chief executive, and Tom Tutton.

Just who hides behind the Liechtenstein trusts is uncertain; nor is it clear what if any connection there may be between the beneficial ownership of the several trusts. None of the holdings exceeds the 3 percent mark which requires disclosure. However, it seems that SAM has not felt the need to press Jeeves to disclose the ultimate beneficial owners. One assumption could be therefore that SAM may have a some idea who owns these shares. Which, if so, may explain why these shareholders were happy to vote in support of a board which has consistently under-performed other than for its own benefit.

Despite his royal connections and an OBE in 1993 for services rendered, the estimable Jeeves is no stranger to controversy. Five years ago a St Vincent company (Casterbridge Properties)

represented by the Jeeves Group was named in a £7m timeshare scam closed down by the Department of Timidity and Inaction involving properties in Kent and Northern Cyprus linked to Hever Worldwide Properties and brothers Ron and John Popely. Jeeves reportedly claimed he could not provide evidence to the DTI because of client confidentiality.

More recently, in September Jeeves, together with son Alexander and the Jeeves Group were sued in the United States over the collapse of a suspected Ponzi circular money scheme centred on loans against shares provided by Derivium Capital. Derivium made loans of around \$1bn in return for shares handed over as security. After a minimum three years, if the shares went up, the loan was repaid plus interest and the borrowers kept the profit; if the shares went down, they walked away. The loan was up to 90 percent of the share value. Any gains were said to be tax free.

All too good to last or be true. Derivium ceased business last May with outstanding loans of \$700m out of total loans of \$900m. Up to \$80m may be missing. Several judgments have been obtained by US investors seeking return of their shares. There are also a number of civil actions pending. Whether the security is still there remains in doubt. The shares could have been sold to make the loans.

And where did Derivium obtain its \$1bn, if not from selling the shares? Supposedly from Manx company Bancroft Ventures whose shares were held as trustees by a St Vincent company established by the Jeeves Group. Bancroft has moved to Cyprus and its directors are in Beirut. Jeeves denies any knowledge of or involvement in any fraud.

It would no doubt be asking too much of the Fundamentally Supine Authority to insist that the Liechtenstein mystery be solved and Bryan Jeeves and his friends at SAM be required to disclose not just who are the beneficial owners of that 10 percent but also on what basis SIM votes the shares held by its clients in the cosy concert party that effectively controls a public, listed company.

THE Isle of Man tax haven also has some questions to answer following the ruling by the Privy Council last month which decided that Peter Henwood, whose family controls local Jeeves Group company administration rival OCRA, had dishonestly assisted in the theft of some £6.8m of Barlow Clowes investors' money by fraudster Peter Clowes and an associate.

The Privy Council overturned a Manx Appeal Court verdict which had itself overruled the original finding against Henwood by the Deemster, the local high court judge. Henwood must now pay more than £9.3m to the liquidators of Barlow Clowes International which collapsed in 1988. Nobody can be accused here of a rush to judgment!

Henwood ran International Trust Corporation before OCRA which has offices in London as well as the Isle of Man. Henwood says he has no public connection with OCRA which is owned via a company in the Seychelles by his wife. It is understood that was a condition insisted upon by



"Let's take a look at how much your endowment will yield when it matures..."