

# Hong Kong company in minutes increase fraud risk

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[Hong Kong Plan Raises Tax Concern - WSJ.com.](#)

As the Wall Street Journal notes:

*The Hong Kong government wants to make it faster and easier to set up a corporation, even as recent high-profile U.S. criminal cases have revealed that some tax evaders have used Hong Kong shell companies to hide their identities.*

*By early 2011, Hong Kong wants to set up electronic incorporation and registration of businesses, allowing a person anywhere in the world to establish a company via the Internet in a matter of minutes.*

But as the paper also notes:

*But the use of Hong Kong firms by some people as a front for illegal activities has raised questions about whether a shadier business segment flourishes here.*

At least three American clients of [UBS](#) AG who have entered guilty pleas in U.S. courts used Hong Kong shell companies to obscure their ownership of Swiss accounts. In December, a Hong Kong shell company was used to lease a plane that attempted to carry weapons from North Korea to Iran but was intercepted in Thailand.

Candidly - no one on earth needs a company in minutes. I stress, no one.

This is negation of responsibility. Why don't governments have a duty to undertake fit and proper person tests on who forms companies? Surely, this is the most basic pre-requisite for tackling fraud - and this proposal flies in the face of it.