

For those who say there was no Russian money in Cyprus...

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I had a twitter debate with Frances Coppola over the weekend in which she claimed first that Cyprus was not a tax haven as there was no evidence of illegality, second that Russian money had not caused the crisis, third that Greece had precipitated the fall (which is only true in the sense of it being a tipping point) and fourth the Russian money, if it had been there, was all gone now.

All those claims are wrong. But let's just deal with the last as it gives a lie to the rest. [The FT says this morning:](#)

With most banks in [Cyprus](#) due to reopen on Thursday, the island's many Russian depositors are scheming ways to beat the looming limits on withdrawals and money transfers designed to stem a run on the banks.

A majority of the deposits of more than €100,000 at the Bank of Cyprus and Laiki Bank are ultimately owned by Russian **beneficiaries**, a person close to one of the lenders told the Financial Times — meaning that Russian businesses and individual depositors will be paying the lion's share of the local bailout.

While the person said he expected Russian clients of the two lenders to lose €3.5bn-€4bn, Eugene Tarzimanov, a banking analyst at Moody's in Moscow, called that estimate "optimistic", noting that Moody's estimates were higher.

I added the emphasis and it is key.

Of course it does not look on the face of it that many of the funds in Cyprus are Russian: they're hidden behind the secrecy of trusts and companies that places like Cyprus so readily provide to disguise the ownership of funds. Any banker should know that.

And those funds are still there. Why? Because those trustees and company directors who hide the ownership of these funds weren't moving it anywhere for their clients: their livelihood depended on it remaining in Cyprus and that, I am sure, is why it's still there. A tax haven client and their trustee don't always share the same interests. Those

who use these place should note that, carefully.