

EMR Capital
Resources
Fund 1, LP.



West Cumbria
Mining Ltd

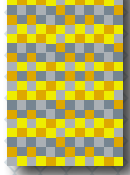


West Cumbrian coal
The hot investment

Overview

Welcome to EMR Capital Resources Fund 1, LP., a private equity management firm based in a Cayman Islands tax haven. We might sound less local than 'West Cumbria Mining Ltd', but we are the company calling the shots. We're introducing ourselves as this coal mine application is struggling, and our wealthy investors are losing interest. But with your investment we plan to get this mine open for business. We've just [cut local jobs](#) to keep our investors in the Cayman Islands happy, so we hope that'll reassure you we're in control and will cut anything to keep your investment portfolio looking great.

We hope this brochure will further show how we do business profitably. To be clear, West Cumbria Mining Ltd will follow all the UK's regulations—and pay all the taxes due. Which it'll start paying just as soon as the millions of pounds in start-up costs have been recuperated, probably after some years. But West Cumbria Mining Ltd also has to pay back an exceedingly high-interest loan from a company we manage in Singapore. That may reduce the tax West Cumbria Mining Ltd pays in the UK, offshoring it to Singapore instead, or here, in the Cayman Islands...where there's no tax.



West Cumbria Mining Ltd's CEO, Mark Kirkbride, will:

"ensure competitive salaries, pay and benefits to all employees".

Don't worry about this, Mark can't do that without our agreement; the company's already over £7million in debt to us. So if those promises get in the way of our profits, we can put a stop to it—but we'll probably sell our investment after a few years to another investment fund anyway. That investment fund may make West Cumbria Mining Ltd cut costs as they'll want to turn a profit too—and wages are a big cost. A new investment fund would also take on all West Cumbria Mining Ltd's costly legal responsibilities, allowing us to walk away from them. Will the new investment fund be able to meet those responsibilities? Not our problem, and the law's on our side.

Corporate structure

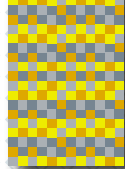
We know it can seem complicated. After all, West Cumbria Mining Ltd sounds like a local company—what has EMR Capital Resources Fund 1, LP. got to do with it?

Well, West Cumbria Mining Ltd's parent company is West Cumbria Mining (Holdings) Ltd—both were incorporated on the same day, have the same 4 people working for them from the same office, the difference between these two companies is a legal fiction. Just over 80% of West Cumbria Mining (Holdings) Ltd is owned through shares held by EMR Capital Investment (No.3B) Pte. Ltd... based in Singapore. And our company with a very similar name, EMR Capital Resources Fund 1, LP., owns EMR Capital Investment. We are a private equity management firm.

In fact, the very *viability* of West Cumbria Mining Ltd is dependent on the private equity we invest in it, as spelled out in its own [2020 annual report](#). The good news for our investors is we're based in the well-known tax haven of the Cayman Islands. This also means we can often keep you, our valued investors, secret so no one will know who stands to gain from West Cumbria Mining Ltd winning the coal mine application—so no potential conflicts of interest to worry about.



What are the advantages of this corporate structure?



We have a big say in how West Cumbria Mining Ltd is run, and we're focused on cutting costs. This increases the value of our investment so we can sell it—along with the liabilities—to another private equity fund for more than we paid, usually after 3-5 years. Of course, the company that buys our investment will need to cut costs too, but more aggressively, to also make a profit when they eventually sell their investment to yet another private equity company. Salaries, taxes, and restoration are all areas that can be very costly.

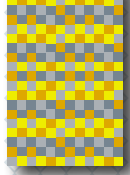


You can be confident knowing that West Cumbria Mining Ltd's corporate structure means less of our investment profit disappears into UK taxes and worrisome liabilities without any risk of tax 'evasion' or breaking any regulations.

Tax

Starting a coal mine is expensive. Already West Cumbria Mining (Holdings) Ltd is operating over £12million in losses that'll be offset against any future trading profit. This will keep corporation tax low for some time. Our 'intermediary investment fund', lent £7.4million to West Cumbria Mining (Holdings) Ltd in 2019 at 9%, rising to a tidy 15% in 2020. As of 2020, West Cumbria Mining (Holdings) Ltd owed £947,545 in interest. Repaying this loan with the interest will reduce West Cumbria Mining Ltd's profits, generating profits for our intermediary investment fund instead. This means less tax will be paid in the UK, and more tax will be paid in Singapore. But ultimately the real profits are made by our company, EMR Capital Resources Fund 1, LP., and you—our investors. Fortunately, we're out of reach of taxes in the Cayman Islands, and your reputation is intact [as long as no journalists expose your investments.](#)

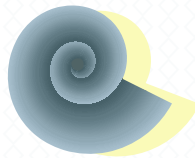




Responsibilities

Responsibilities are liabilities, and we try to minimise these as our standard working practice. If West Cumbria Mining Ltd. gain planning permission for the coal mine, the local council will apply 'section 106 conditions' that'll create rules on how the company is allowed to mine and stipulate its responsibilities such as 'restoring' the environment at the end of mining. Legally, West Cumbria Mining Ltd. will need to fulfil these conditions and responsibilities irrespective of what private equity fund is investing in it. To reassure our investors just in case EMR Capital Resources Fund 1, LP. are still involved, though, the reality is that increasing pressure to cut costs to generate returns on investment may mean corners will be cut and costly conditions will be ignored, which [can happen with impunity](#).

So what if something goes wrong, such as a major incident at the mine, collapsing global coal prices, or just getting to the end of the profitable life of the mine? The moment that liabilities outweigh what further profit we can make, it is simply good business sense to asset-strip West Cumbria Mining Ltd. and sell our stake to a shell company we set up, along with all those expensive conditions and responsibilities. Between an asset-stripped West Cumbria Mining Ltd. and a worthless shell company, it would be the UK government that picks up the bill to sort out the mess and restore the area. Some people may call this legalised theft, we call it capitalism.



Tried and tested

The example of Margate

Still concerned? Celtic Energy Ltd pulled it off in 2010 without the same level of corporate distance we enjoy. In 1994, British Coal was privatised and its operations in South Wales were sold to Celtic Energy Ltd, with a 10-year exemption from its responsibility to pay into a restoration fund. A few years after that responsibility resumed, and after much of the coal had been sold, Celtic Energy Ltd sold the land rights, together with the liabilities, of 4 coal mines.

The rights and responsibilities were sold to a company called Oak Regeneration (AKA a shell company), based in the British Virgin Islands—for £1 per mine. Oak Regeneration then sold it to Pine Regeneration, who passed it to Beech Regeneration, who finally shrugged it off to Ash Regeneration. None of these companies had the accountability nor the finances of fulfilling these responsibilities. Yes, there was a charge of “fraud”, and a court case in which the judge used words like “dishonest” and “reprehensible”... but ultimately it was thrown out.

The cost of restoring the environment for 2 of the 4 four mines were estimated to cost around £171million. But, without breaking any rules or regulations, [five senior executives at Celtic Energy walked away with benefits worth more than £10million](#) whilst only £9.7million was paid into the restoration fund.



COAL ACTION NETWORK

July 2021

This brochure is a parody. None of the companies mentioned herein have been involved in the writing or production of this brochure.

The research is accurate to the best of our knowledge at the time it was undertaken, largely based on publicly available online documents listed in Companies House. We invite the companies concerned to contact us with any corrections in content and we will amend these in any digital version.

Original research by Vivek Krotecha, 2021

Photo: purported
“restoration
progress” of the
Bradley opencast
coal mine, County
Durham, 2021

