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Cyprus Strips Citizenship From 9 Russians Over Passport-for-Investment Scheme

By Michele Kambas for Reuters

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Cyprus said on Wednesday that it had started a process to strip 26 individuals of citizenship they received under a secretive passports-for-investment scheme, admitting it had flaws.

The Mediterranean island has been rattled by disclosures of its investments scheme since Reuters exclusively reported last month a list of Cambodian beneficiaries, including its police chief and finance minister.

Rescinding citizenship is highly unusual, and the move came after authorities began an investigation following the report.

"The Council of Ministers today affirmed the will of the government for strict adherence to the terms and conditions of the Cyprus investment program," Cypriot Interior Minister

Constantinos Petrides told reporters after a four-hour cabinet meeting.

Petrides did not disclose nationalities or identities of those affected, but said it "also concerned those" whose names were mentioned in media reports.

Cypriot sources said the group included nine Russians, eight Cambodians, five Chinese nationals, two Kenyans, one Malaysian and one Iranian.

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They involved nine investment projects, whereby groups of foreign investors in partnership can benefit from the scheme.

Cyprus has had a citizenship for investment plan in place since 2013, under which a minimum $2.2 million investment can buy a passport and visa-free travel throughout the European Union.

Advertising the scheme is now banned, but at least one law office used to distribute pamphlets resembling passports to visitors at the island's main airport.

Authorities say the program has gone through several transformations and was overhauled in February 2019 with five different due-diligence layers, compared with one in 2013.

In the five years from the beginning of the citizenship scheme to 2018, the Cypriot government approved 1,864 citizenship applications. Including family members, the number was more than 3,200, and is close to 4,000 today.

"If there were nine investment cases, concerning 26 people, among 4,000 applications, it is logical that some would be problematic when controls weren't strict," Petrides said. "There were mistakes — it was a mistake not to have criteria, for instance, for high-risk persons."

The Reuters investigation showed that influential police, business and political associates of Cambodia's long-time ruler, Prime Minister Hun Sen, had overseas assets worth tens of millions of dollars.

Hun Sen has previously denied opposition allegations that members of his inner circle had other passports and lived the high life overseas. Some 70% of Cambodians live on $3 a day, according to the Asian Development Bank.

Petrides, whose ministry signs off on passport applications, said the individuals concerned had the right to appeal.

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