

# Zac Lucas on Why Asia's Wealth Community should be Proactive, Professional and Vigilant

Following the launch of its formal association with Singapore firm, ArrowGates LLC, London-based law firm McCarthy Denning in March boosted its Asian capabilities with the arrival of a new Partner and Private Client Specialist in the form of Zac Lucas, who in his previous incarnation had founded Lawrence Graham LLP's local Singapore Private Capital practice. Hubbis met up with Lucas via video call in May, during which he implored the financial community to focus on some worrisome, but extremely topical matters arising from the pandemic and its potential fallout. He counselled the wealth management players to engage their wealthy private clients and their families in conversations on estate and succession planning, he advised trustees and other key players to review their mandates and actions carefully, in case of fraud, family disputes or other pushback following market-induced wealth erosion, and he anticipated greater centralisation of family wealth and governance through family offices. **Be proactive and be vigilant, he advised, and be ready also for a landslide of new taxation and tax mining as governments emerge from the pandemic with their finances in disarray.**

**Lucas opens the** discussion by remarking that some elements of the wealth community have been struggling somewhat in their handling of HNWI clients in this environment. "It seems to me like everyone is somewhat tentative, but I feel it would be more appropriate if they would have increased their focus and been more proactive, for example on estate succession and transition, especially in these times when clients are so worried about the future. At the very simplest levels, they could be encouraging the process of an asset and liability inventory to help clients to alleviate some of their stress, to help them focus and then to help allay their concerns."

Another element Lucas observes has been somewhat lacking is the perennial risk of family conflicts and disagreements, and disputes potentially with their professional advisor and solutions community.

"When people start losing money – and we saw this in the global financial crisis fallout more than a decade ago - and potentially when you realise the losses from bad investment decisions, there is so often real pushback from family members," he reports. "This pushback is either against the family members in charge of that wealth, or alternatively against the professional service providers, maybe the external asset managers, professional trust companies or any holders of reserve powers under a trust."

### **Lagging the market fallout**

But despite this, Lucas has seen little evidence thus far of sufficient conversations around managing dispute resolutions. "I can

guarantee that if a family went into this crisis with USD50 million and came out of it with major losses, maybe 20%, perhaps more, people will look back and delve deeply into the original decisions and the actions taken during the worst of the market fallout."

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Lucas also observes that fraud can often become more prevalent during times of crisis. "I have been approached by a number of beneficiaries looking at their personal circumstances and seeing what sources of wealth they can grab hold of, and this sets up a scenario where you potentially have inappropriate distributions, effectively other family members being fleeced, so this type of financial stress-induced fraudulent behaviour should be carefully monitored. Additionally, there are instances of people creating trusts to hide assets from their creditors."

### **Be proactive**

In all these areas, Lucas maintains that the advisory community can become more proactive, systematically identifying and addressing such issues.

On a more positive note, Lucas explains that the private banks and other firms can encourage

conversations with their clients that will benefit all parties.

"The first thing is they have to identify within their organisation someone competent and skilled enough to have these conversations," he says. "The

wealth planning team would be the natural avenue, and they can instigate an outreach programme for the clients, perhaps around succession planning, financial health checks and so forth. But to do this effectively, they need more technical understanding of laws across borders, across different jurisdictions. They do not need to know all the exact rules, but to at least have an overview, in order to help focus solutions and structures that will work."

### **Helping clients focus**

Lucas explains that without getting immersed in particular structures, at least these advisors can help their clients focus on the key issues, identify what they have and where, and then survey the big picture. "A client might then realise that they have 12 different probates around the world, 12 different applications, 12 different lawyers working with their family, and that there are



**ZAC LUCAS**  
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also a lot of non-compliant assets and structures out there,” he comments. “So, at least through such a process, they then have an idea of the total situation.”

As an aside, Lucas notes that it took 34 years to unwind Howard Hughes’ (American business magnet, depicted by Leonardo DiCaprio in the film *Aviator*) estate all those years ago, including numerous issues surrounding multiple relationships, illegitimate children and many claims against the estate, assets littered everywhere and largely undocumented, and so forth. “It is a tragic waste of time and money to see all the assets frittered away on legal fees” Lucas warns.

### Family values

Without pointing to particular countries in the Asia region, Lucas observes that it is very often the case with wealthy or uber-wealthy patriarchs that they have multiple families, and seldom have the legal issues tied up, or even considered, should they pass away.

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### Getting Personal with Zac Lucas

Lucas is British but was born in Dusseldorf, Germany, and then educated in the UK. He began work as a lawyer, a career that saw him first work in London, then the British Virgin Islands and from early 2013 in Singapore with the law firm Lawrence Graham LLP (later Gowling WLG), where he was the Head of Private Capital practice, specialising in international trust, estate and business succession planning.

Married, but not yet with children, Lucas has a passion for a variety of pastimes, with a particular bent towards flying and race car driving.

if they are awkward at first,” Lucas says. “And the trust companies and the fiduciaries, they should be reviewing what they provide as a service and what the contractual documents say, in the knowledge that they can so often potentially be dragged into difficult family situations. They need to ensure they also protect themselves against inadvertently getting involved in family politics, to understand what the limits are of their mandates, and how they correctly posture when family members are upset and seeking redress.”

this pandemic with their finances in tatters.

“Many governments will be more broke than they had ever been, and others in the private sector,” he observes. “I fear that governments coming out of this will look at the high net worth population and, enabled by CRS, they will have seen how much money is held offshore. So, for example, in some of the ASEAN countries, the HNW investors and UHNWIs hold vast wealth through Singapore. In short, governments will likely look

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### The tax avalanche to come

Looking ahead, Lucas wonders if there will be an avalanche of tax and authorities hounding for tax, as the governments emerge from

at windfalls such as an annual wealth tax or other means to raise more money than simply printing it through the central banks. I see the path ahead for some pretty

aggressive taxation directly aimed at the solvent members of any society.”

### Centralisation and consolidation

Lucas also steps back somewhat to ponder the effect of the crisis and the fallout on client relationships. “I think this will accelerate the drive towards consolidation,” he reports, “for example in family offices, so that investments and decisions can be better centred, and the relevant governance put in place. Families need to be more robust going forward, more resilient in how they make decisions, and that requires greater centralisation, which in turn also means fewer other advisors to deal with.”

Another issue is that potentially insurers might not be able to meet their obligations. “I heard from a contact that claims during the pandemic are like an avalanche of Hurricane Katrina claims, month on month,” he reports. “Does that mean the HNW and UHNW life insurance sector could be stressed? After all, the reinsurance industry could struggle too. That could cause a cascade effect across all the industry.”

Lucas is enjoying his new role with city law firm McCarthy Denning now that it has launched its formal

association with Singapore firm, ArrowGates LLC.

Lucas has an impressive track record with over 20 years of wide-ranging expertise in international private client law. This includes developing and advising clients on the use of, innovative trust structures, as well as on compliance and disclosure-related matters. His extensive work with private wealth advisors and family offices in the South East and North Asia regions offers him some exciting opportunities with McCarthy Denning, where he will be developing collaborative opportunities in the private wealth arena with ArrowGates and its network of associated law and accountancy firms in the region.

### Leveraging Lucas' experience

His many years spent in the field of private clients and private capital have always had an emerging market focus. He has built a wealth experience in all areas of international private client law including trusts, estates and succession planning, with particular emphasis on business family succession planning and private client regulatory law. He also advises on international financial crime and extradition law.

“To best serve the international client base of high-net-worth and UHNW individuals, families and also financial institutions,” he reports, “I will predominantly divide my time between the UK and Asia, and also plan to travel regularly to the Middle East, where I will also help McCarthy Denning develop its practice.”

He adds that his foremost focus is currently on the needs of the UHNW community, especially on succession planning, incapacity planning, dispute resolution within the families, governance, and other key facets such as helping improve resilience in family businesses as well as family structures. “This is a very good time to be focusing on all these crucial matters,” he states.

He concludes by commenting that he has hit the ‘virtual ground’ running since March and is relishing the flexibility and freedom that McCarthy Denning affords him. “It is an exciting new path for me, and one that I am greatly enjoying, especially being surrounded by some exceptional lawyers who are highly professional and real experts in their fields. There is much to be done. Now we must wait for the end of lockdown...” ■

