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**POLICING POLTERGEISTS - STATE SUPERVISION IN BORDERLESS BUSINESS
ENVIRONMENT. A CASE STUDY OF E-RESIDENCY**

Master's thesis

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ABSTRACT

The thesis is written in form of an article and intended for publication in *Halduskultuur: The Estonian Journal of Administrative Culture and Digital Governance*.

Present article is a case study of Estonia and developments accompanying its e-Residency programme, based on public sources and stakeholder interviews. Since the beginning of the millennium, Estonia has pursued two parallel agendas: building a digital nation and branding itself as one. Latest product in Estonian brand line is the e-Residency. Highly visible, internationally emulated and economically successful, e-Residency and changes in legislation designed to increase its attractiveness have also made it simple to create companies hereafter called “poltergeists”. Poltergeists are companies without connection to the country of registration – their owners, managers, assets and operations are located abroad and they do not use local banking services, making them highly immune to supervision and enforcement from state authorities. Consequently, poltergeists are attractive for criminals, create a risk for national reputation, have unfair advantage over resident competitors, increase administrative costs for the host country and enable tax evasion in source countries. Unlike certain corporate secrecy jurisdictions, Estonia derives no benefits from poltergeists, making state’s cultivation of entities outside its own effective control remarkable from state theory perspective.

The author argues that to sustain success of e-Residency, more awareness is required regarding poltergeists as a discrete category of entities and challenges related to them. Potential ways to mitigate risks include increasing transparency and visibility of factors signaling poltergeist status, reforming how state handles claims collection, raising costs of creating and maintaining multiple or successive companies and ensuring that key demographics of e-Residents have access to Estonian financial infrastructure.

Keywords: e-Residency, poltergeist, enforcement, state theory