Siam Legal Chiang Mai Warns Foreign Business Owners as Nominee Crackdown Escalates

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Siam Legal Chiang Mai, a full-service law firm with more than 22 years of experience assisting foreign nationals in Thailand, is warning foreign business owners and investors operating in Chiang Mai to review their ownership structures immediately following a major coordinated enforcement operation targeting illegal nominee arrangements across the city.

Around 250 Thai police officers conducted coordinated raids on 31 businesses suspected of using Thai nominees to circumvent foreign ownership restrictions, covering 18 locations throughout Chiang Mai. The targeted companies were found to be occupying approximately 20 rai of land valued at around 633 million baht. Authorities identified 74 suspects involved in the illegal arrangements and obtained arrest warrants from the Thai court for 22 of them. A number of Thai nationals implicated in holding fraudulent shares were detained before the raids, with one having been imprisoned since 2021. Chiang Mai police have also announced plans to conduct similar enforcement operations in Phuket, Krabi, Phangnga, Chon Buri, and Surat Thani, signaling that the campaign extends well beyond a single province.

The raids targeted companies accused of breaching foreign shareholding rules under the Foreign Business

Act B.E. 2542, which restricts foreigners from majority ownership in most business sectors including land ownership, real estate development, and retail. Under the Act, companies operating in restricted sectors must be at least 51% Thai-owned, with exceptions available only to those granted a Foreign Business License or operating under specific government-approved arrangements. Authorities focused on catching all parties involved in nominee structures, including shareholders, directors, and the ultimate foreign beneficiaries of the arrangements. The Department of Business Development's AI-powered screening system has been cross-referencing company registries, tax records, and bank accounts to identify irregular ownership patterns, meaning businesses that may have previously gone undetected are now being flagged automatically.

"Using Thai nominees or opening proxy businesses with the intent of bypassing foreign ownership restrictions is a severe criminal offense in Thailand," said Apichart Mattayanuwat, Attorney at Law at Siam Legal Chiang Mai. "The recent raids are a clear signal that authorities are no longer treating these arrangements as a manageable risk. Foreign entrepreneurs must understand the personal, financial, and corporate consequences of structuring their business incorrectly before it is too late."

Section 36 of the Foreign Business Act penalizes both Thai nationals who act as proxy shareholders and foreign entrepreneurs who use them to circumvent ownership laws. Penalties include imprisonment of up to three years, immediate business dissolution, seizure of corporate assets, and fines ranging from 100,000 to 1,000,000 baht. In 2026, legal and financial professionals who assisted in establishing these structures also face criminal exposure, a development that has significantly raised the stakes for all parties involved in nominee arrangements.

For foreign business owners seeking compliant alternatives, legitimate pathways remain available. Board of Investment promotion provides qualifying businesses with the right to operate in restricted sectors without Thai partner requirements. Treaty of Amity protections extend majority ownership rights to American nationals in many business categories. Genuine joint ventures with real Thai partners who hold actual capital and decision-making authority represent another legally sound route for foreign investors seeking to operate in Thailand.

Siam Legal Chiang Mai is a full-service law firm with more than 22 years of experience assisting foreign nationals in Thailand, with offices in Bangkok, Chiang Mai, Phuket, and Pattaya. The firm provides comprehensive legal support across corporate structuring, foreign investment, regulatory compliance, immigration, property transactions, and litigation.

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Siam Legal Chiang Mai

Siam Legal Chiang Mai offers corporate, family, litigation, property, and immigration services. Our English-speaking lawyers assist with company setup, visas, contracts, due diligence, land registration, and personal legal matters in Northern Thailand.

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