

PRESS RELEASE

Statement by the Financial Services Authority regarding Loyal Bank Limited

The Financial Services Authority (“FSA” or “the Authority”) is aware of allegations contained in an indictment unsealed by the United States Department of Justice on March 1, 2018 implicating a number of companies and individuals, including one of its licensees - Loyal Bank Limited - in securities fraud in several countries including the United Kingdom, the United States of America and Belize. The scheme alleges stock manipulation, money laundering and other illicit operations out of which USD\$225,000 out of USD\$50,000,000 is alleged to have been facilitated by Loyal Bank Limited.

Loyal Bank Limited is an international bank licensed to operate from within St. Vincent and the Grenadines and is regulated by the FSA. Loyal Bank Limited has the onus of complying with the laws of St. Vincent and the Grenadines including its governing law, the International Banks Act, the provisions of the Financial Services Authority Act and this country’s anti money laundering and counter financing legislation. As with all financial institutions under the regulation of the FSA, the Bank is subjected to offsite and onsite supervision and monitoring and any deviation from the law or regulatory beaches must be addressed by the FSA.

The Financial Services Authority has thus launched its own investigation into the allegations and is, together with the relevant authority for money laundering and financial crimes - the Financial Intelligence Unit – investigating the alleged actions of the Bank officials involved and is monitoring any actions which the Bank itself is taking in view of these developments and allegations. The Financial Services Authority, and indeed St. Vincent and the Grenadines, are taking these allegations very seriously.

As a responsible stakeholder and strategic partner in the global fight against money laundering, the financing of terrorism and financial crimes, St. Vincent and the Grenadines is continuing to provide its full cooperation to the U.S. Securities and Exchange Commission and other relevant authorities in their investigation/prosecution of this matter.

St. Vincent and the Grenadines has strict and up to date Anti-Money Laundering/Combating the Financing of Terrorism (“AML/CFT”) legislation, which is regularly updated, the last being in 2017. In keeping with the relevant legislation and international standards, thorough vetting of both senior officials of the Bank against whom the allegations are made had been undertaken and satisfactory due diligence was obtained. No adverse information whatsoever was acquired and the information revealed bankers of high professional caliber. This notwithstanding, there is always a risk of rogue actors who have the intention of committing illegal activities in any jurisdiction.

The alleged actions by the two (2) senior officials are actions which are not in keeping

with the laws of St. Vincent and the Grenadines.

Like the US authorities, the FSA is mindful that the indictment consists of allegations and does not affect the presumption of innocence to which all accused in criminal matters are entitled. St. Vincent and the Grenadines remains committed to effective regulation and vigorous oversight of the financial services sector and full cooperation with all relevant stakeholders, locally and internationally, in the investigation and prosecution of financial crimes and in other matters of mutual national interest.

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