

# PRESS RELEASE

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FOR IMMEDIATE RELEASE

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## SECURITIES COMMISSION OF THE BAHAMAS ANNOUNCES ENFORCEMENT ACTION UNDER THE FINANCIAL & CORPORATE SERVICE PROVIDERS ACT, 2000

The Securities Commission of The Bahamas (“the Commission”) in its role as the Inspector of Financial & Corporate Service Providers (“the Inspector”) has today issued a **NOTICE** pursuant to Section 3 of the Financial & Corporate Service Providers Act, Chapter 369 (“the Act”) with respect to all persons involved in the business of money lending, money broking and cash/pay advances.

In that **NOTICE** the Inspector ordered all persons conducting the business of money lending, money broking and cash/pay advances without a license from the Inspector of Financial & Corporate Services to cease operations with immediate effect as they are conducting a financial service that requires regulation under the Act.

The Inspector advises that Section 18(1) of the Act states;

“Any person who carries on the business of financial and corporate services in or from within The Bahamas without obtaining a license under this Act commits an offence and is liable on summary conviction to a fine of seventy-five thousand dollars and where the offence continues subsequent to conviction that person is liable to a fine of one thousand dollars for each day the offence continues. “

The Inspector would like to point out that while the Act does not define the term financial services, the definition of this term, enunciated by the World Trade Organization (WTO) and adopted by the Inspector, indicates that financial services include money broking, lending of all

types and related services. The notice does not apply to licensees of the Central Bank of The Bahamas.

The Inspector has taken a 'zero tolerance' policy toward persons found to be operating with willful disregard for the provisions of the Act. The Inspector's policy notwithstanding, the fact that there is a proliferation of these types of businesses operating in apparent ignorance of the law is cause for concern. The Inspector maintains however, that while ignorance of the law is no excuse, in an effort to temper justice with mercy and to allow persons to maintain a fit and proper business status, the **NOTICE** stated that all persons conducting the business of money lending, money broking and cash/pay advances should immediately cease such activity. Operators have 30 days from the issuance of this NOTICE, to present themselves to the Inspector's offices to begin the process of becoming regularized. Failure to comply with the Inspector's **NOTICE** will result in those businesses being reported to the Police for criminal prosecution.

The Inspector further advises that the **NOTICE** only applies to businesses who, but for the lack of a license, are legitimately engaged in the practice of cash/pay advances, money broking, money lending and related services. Persons whose business activities include the promotion of get-rich-quick schemes, ponzi schemes or deploy any scheme that places the investing public in harms way should know that if discovered by the Inspector, they will be reported to the Police for criminal prosecution and dealt with to the full extent of the law.

As a part of its zero tolerance approach, the Inspector recently investigated an entity that held itself out as a money lending facility. In addition to operating without first obtaining a license from the Inspector, the entity was found to be placing its clients' monies at great risk. As a result a complaint was made to the police and the proprietors of the entity were arrested and subsequently charged before the courts. The Inspector assures the general public that it remains resolute in its efforts to protect the public from persons who seek to operate outside the confines of the law.

The Securities Commission of The Bahamas (“the Commission”) is a statutory body established in 1995 pursuant to the Securities Board Act, 1995, which was repealed and replaced by the Securities Industry Act, 1999 (the SIA). The Commission is responsible for the administration of the SIA and the Investment Funds Act, 2003 (the FIA), which provides for the supervision and regulation of the activities of the investment funds, securities and capital markets. The Commission, having been appointed Inspector of Financial and Corporate Service Providers effective 1 January 2008, is also responsible for administering the Financial and Corporate Service Providers Act, 2000.

The Commission’s mandate is to formulate principles to regulate and govern investment funds, securities and capital markets; maintain surveillance over investment funds, securities and capital markets ensuring orderly, fair and equitable dealings; create and promote conditions to ensure orderly growth and development of capital markets; and to advise the Minister of Finance regarding investment funds, securities and capital markets.

The Securities Commission of The Bahamas

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