

## PRESS RELEASE

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### DOMINION INVESTMENTS (NASSAU) LTD.

#### *The Bahamas' Anti-money Laundering Record.*

The Bahamas has an excellent record, dating back to 1987, for robust Anti-Money Laundering arrangements. The Bahamas first criminalized the proceeds of drug trafficking in 1987 with the enactment of the Tracing and Forfeiture of Proceeds of Drug Trafficking Act. On January 30, 1989, the Commonwealth of The Bahamas became the first country to ratify the 1988 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. This was followed by the comprehensive Money Laundering Act in 1996 which increased the offenses to encompass proceeds of other crimes besides drugs.

Since this time, The Bahamas has passed a compendium of legislation which enhanced the regulatory oversight and supervision of the financial services sector and its counter money laundering regime.

The comprehensive approach adopted by The Bahamas was recognized both by the delisting of The Bahamas in 2001 and the results of the on-site inspection by the International Monetary Fund (IMF). The IMF in its review of The Bahamas' compliance with Financial Action Task Force (FATF) 40 + 9 recommendations noted in the section on the preventative measures adopted by the Central Bank and the Securities Commission that "*All the Anti-Money Laundering/Combating of Financial Terrorism (AML/CFT) provisions are contained in the Proceeds of Crime Act (POCA), the Financial Transactions and Reporting Act (FTRA), the Financial Transactions and Reporting Regulations (FTRR) or in the Financial Intelligence Unit Act (FIUA), Financial Intelligence Unit Regulations (FIUR) or FIU guidelines. Breach of the law is considered a criminal offence rather than an administrative matter. The mandatory regulations require the regulated entities to have procedures on customer identification, record keeping, reporting of suspicious transactions, and appropriate training regarding suspicious transactions, which comply with international standards. Tipping off is penalized and persons furnishing information to the competent authorities are protected from claims for breach of confidentiality*"

Specifically, the law requires that the beneficial owner of a company be disclosed and appropriate due diligence conducted on the beneficial owner. Further, The Bahamas is one of a handful of countries that have instituted procedures for retroactive due diligence on all facilities which were established prior to December 2000 ("existing facilities") to the standard currently imposed. The FTRA makes it mandatory for financial institutions to verify the identity of customers who have existing facilities.

#### *Dealing with Dominion Investments*

Dominion Investments (Nassau) Ltd. was registered as a Broker Dealer II by the Securities Commission on December 11, 2001. Mr. Martin Tremblay, Managing Director and 100 % beneficial owner of Dominion, was licensed as a principal at the same time. Mr. Tremblay resigned as Managing Director and surrendered his Principal license on March 4, 2005, but remains the sole beneficial owner of the company. Mrs. Esther Weir was appointed Managing Director on March 15, 2005 replacing Mr. Tremblay. An on-site inspection of Dominion by the Commission was conducted from February 7-10, 2005. While the Commission's inspection revealed various operational deficiencies these matters were being addressed by Dominion.

Immediately after the US authorities acted against Mr Tremblay, the FIU moved swiftly to freeze a large number of bank and securities accounts in The Bahamas associated with Mr. Tremblay and Dominion.

The Securities Commission, with the assistance of the Royal Bahamas Police Force, acted quickly to ensure that the books and records of the company were secured and to prevent any further business being transacted. The Commission, and the Police, further acted quickly in conducting a search of the premises of Dominion and obtained search warrants for other locations. A team of inspectors from the Commission was dispatched to Dominion to conduct an on-site inspection on the same day the information appeared in the local press. Further, Dominion's office is being continuously monitored by the Commission. The Commission is also very concerned to ensure that the assets of legitimate investors of Dominion are secured and protected, and that the competing interests of parties related either to Dominion or Mr. Tremblay are addressed in an appropriate manner. To this end, the Commission is presently dealing with this matter through its statutory disciplinary process.

The Commission has and will continue to liaise closely with other domestic and overseas regulators and take every available action to protect the assets of investors.

### **Conclusion**

Anti-money laundering procedures in The Bahamas are rigorous and are enforced. No jurisdiction is immune to the risk of criminal activity. Our task is then to limit the damage from any such activity when discovered and to establish if there are wider lessons for the future.

END

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 IFA), 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  
3rd Floor, Charlotte House  
Charlotte Street  
P.O. Box N- 8347  
By fax to: (242) 356-6291/2

By email to: [info@scb.gov.bs](mailto:info@scb.gov.bs)  
Website: [www.scb.gov.bs](http://www.scb.gov.bs)