

Suisse Security Bank & Trust fights for its license

(Continued from page 5)

with a local trade union to pay salaries for another six months, although a condition appears to be that no staff turn up for work while the receiver is in charge.

The failure of the bank's staff to go to work since the appointment of a receiver on March 5 has caused its operations to come to a standstill.

We have also been told that the Central Bank-appointed receiver, Raymond Winder, who works for Deloitte & Touche (Bahamas), has been unable to break the bank's codes to access records.

As part of what seems to be a carefully orchestrated local media campaign by SSBT, two letters of support that were sent by a Miami-based FBI agent to the Central Bank were leaked to newspapers.

Both letters, one dated February 11, 2000 and the other dated January 10, 2001, were signed by Gerard M. Forrester, who recently retired from the FBI, and have raised several eyebrows because of their content.

The first letter was written by Forrester shortly after OffshoreAlert published an article about SSBT's apparent lack of due diligence in taking over the accounts of the crooked Antigua-based Accord Insurance, which offered investors "guaranteed" returns of up to 20 per cent per month.

Not long after SSBT took over Accord's accounts from Antigua-based Eurofed Bank, which was closed by regulators, Accord collapsed with clients claiming to have been defrauded of millions of dollars.

"I was contacted by Mr. Mohamad Harajchi, the Chairman of the Board of Suisse Security Bank and Trust...concerning an article which appeared in a tabloid called 'Offshore Alert' which maligned his bank," wrote Forrester to the Central Bank on February 11, 2000.

"We are aware of this tabloid which is

like all newspapers, is in the business of making money and telling half truths. It is not sanctioned by any government or law enforcement agencies."

He added: "It is terrible when a bank follows the laws of their country, a tabloid in the business of making money, writes an article such as was written and the bank can not defend itself."

"For your information as of today I have search (sic) the files of the Miami Division of the Federal Bureau of Investigation (FBI) concerning Suisse Security Bank and Trust and Mohamad Harajchi with negative results."

The suspension of SSBT's license happened just three weeks before the start of an international finance conference in Canada organized by London-based Shorex at which SSBT was the lead sponsor.

Ironically, SSBT CEO Christopher Lunn, who is a former regulator with the Central Bank, was due to have spoken on "The Future of Offshore Banking in the Bahamas in the Wake of OECD and G7 Fiscal and Financial Initiatives".

The suspension of SSBT's license was one of many similar actions that have been taking place throughout the offshore world as jurisdictions take a tougher regulatory line due to international pressure.

Apart from SSBT, the following bank and trust company licenses have been suspended in the Bahamas: Royal Trust Company (Bahamas) Ltd., now called Genra (International) Ltd.; Rimex Bank and Trust Corporation Ltd., Attel Bank (International) Ltd., Chimirra Investments Ltd., Mega Securities Bank and Trust, First Mercantile Bank Limited, Marka Bank Ltd., Winslow Bank and Trust Company Ltd., Hampton Bank International (Bahamas) Ltd., Summit Bank and Trust Company Ltd., Paribas Suisse

(Bahamas) Ltd., Federal Bank, and the British Bank of Latin America.

In Grenada, the following bank and trust licenses were revoked, with more likely to follow soon: Electra Finance Bank Ltd., Sattva Investment Bank Ltd., Network International Bank Ltd., Trafalgar Atlantic Bank Ltd., 21st Century Banking Corp Ltd., New London Investment Bank Ltd., Bank of Atlantic Ltd., Carib Bank International Ltd., Dominion Bank Corp., First Mercantile Bank Ltd., Pacific Crown Bank Ltd., Worldwide Bank Ltd., Southwind International Bank Ltd., Union Caribbean Bank Ltd., Commercial Bank & Trust International, Euro Credit Bank & Trust Ltd. and First International Bank of Grenada Ltd.

In the Cayman Islands, accounting firm Arthur Andersen was appointed controller of M. A. Bank on March 5. The bank is continuing to operate but certain restrictions had been placed on its activity, according to Michael Wright, Arthur Andersen's Managing Partner. Wright's report will make recommendations on the future of the bank.

Footnote: The closure of so many banks in the Bahamas should come as no surprise to readers of OffshoreAlert. In an article that was published on November 30, 2000, we reported: "Meanwhile, a regulator in the Bahamas, who did not want to be named, said that the number of licensed banks in the Bahamas is expected to fall from its current level of approximately 415 to below 300 over the next two years. Banks that are administered by management companies have been given 12-24 months to establish a bona fide physical presence in the Bahamas in order to retain their license, we were told. Many of these banks are expected to either close down or move to a less onerous jurisdiction rather than comply with the new requirement."

Nevis regulator leaves after five months

Thomas Peacock, who was appointed Regulator for Financial Services in Nevis, effective October 1, 2000, has quit his position five months into a two-year contract, leaving on March 9, 2001.

We have been told by a source in Nevis that Peacock was concerned that he was not being consulted prior to the introduction of offshore legislation and that banks were being allowed to operate illegally.

"Apparently the three important pieces of legislation which were passed in December, 2000 were finalized without any input from Thomas Peacock," said a source on the island.

"Additionally, the Nevis Island Government are taking no steps to close down unlicensed offshore banking operations being carried on from Nevis."

Peacock is a Canadian lawyer who

was hired to "assist the Nevis Island Administration in improving the regulatory infrastructure in order to comply with international standards", according to a government press release issued last year.

His appointment was widely viewed as an attempt by Nevis to strengthen regulation in the face of international criticism that it exercised little effective control over its offshore sector.



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No. 163-160

16320 N.W. 2nd Avenue
Miami, Florida 33169
February 11, 2000

Governor Julian Francis
Central Bank of the Bahamas
P.O. Box N4568
Nassau, Bahamas

Dear Governor Julian Francis:

I was contacted by Mr. Mohamed Harajchi, the Chairman of the Board of Suisse Security Bank and Trust, P.O. Box N4801, Nassau, Nassau concerning an article which appeared in a tabloid called "Offshore Alert" which maligned his bank. We are aware of this tabloid which is like all newspapers, is in the business of making money and telling half truths. It is not sanctioned by any government or law enforcement agencies.

Since the existence of Suisse Security Bank and Trust, they have not been the subject any Federal Bureau of Investigation, investigations. They are one of the few banks in the Bahamas which express concerns and attempt to learn the proper procedures to curtail money laundering in their institution, in fact they the only one that has expressed their concerns to the FBI.

It is terrible when a bank follows the laws of their country, a tabloid in the business of making money, writes an article such as was written and the bank can not defend itself.

For your information as of today I have search the files of the Miami Division of the Federal Bureau of Investigation (FBI) concerning Suisse Security Bank and Trust and Mohamed Harajchi with negative results.

If we can be of any further assistance to, please do not hesitate to contact our office.

Sincerely,

Gerard H. Forrester
Supervisory Special Agent

Judgment for \$57,371 entered against Michael Kondratiev-Keigh in New York.

Complaint - March 28, 2006

Millerton Trading LLC, Millerton Properties Inc., and Millerton Group Ltd. vs. Michael Murphy, Daniel Gallardo, Michael Boyd, Wilkinson Boyd Capital Markets Inc., et al, filed at New York State Supreme Court. Complaint states, inter alia, that Michael Kondratiev-Keigh was a founding member of Millerton Trading.

Complaint and Judgment - 1997 and 1999

Civil lawsuit and judgment for \$51,000 at New York State Supreme Court in a case brought by the law firm of Schwartzman Garelik Walker Kapiloff & Mann PC against Michael Kondratiev-Keigh.

Complaint - 1994

Civil lawsuit that was filed at the U. S. District Court for the Southern District of New York by Robert J. Longo alleging racketeering against Michael Kondratiev-Keigh, Keigh & Associates, Allen B. Gottlieb, Allen B. Gottlieb PC, Kenneth R. Lagonia, AmeriCredit International Ltd., and Robert Bardey. SAME CASE: Settlement/Dismissal Orders - 1995 and 1996 and Docket Sheet.

Tax Liens - 1992 and 1994

Two tax liens entered against Michael Kondratiev-Keigh in New York, one for \$4,559 on April 28, 1992 and another for \$4,371 on December 22, 1994.

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• **Bank Crozier**

Liquidator's Report - September 4, 2003

Preliminary Report by Bank Crozier liquidator Garvey Louison, filed at Grenada Supreme Court.

Winding-Up Order - July 24, 2003

Grenada Supreme Court Order appointing Garvey Louison as liquidator.

Grenada Supreme Court Letter - July 22, 2003

Letter from Court Registrar Robert Branch to attorney Jerry Seales, representing liquidation petitioner Spark 4 Dimension Ltd., informing Seales that the petition was "defective" and asking for it to be withdrawn. Despite the letter, the petition was heard - and approved - by the court two days later.

Winding-Up Petition - June 16, 2003

Petition by Grenada's Minister of Finance, Anthony Boatman, to liquidate Bank Crozier, filed at Grenada Supreme Court.

Winding-Up Petition - June 12, 2003

Petition by Spark 4 Dimension Ltd. to liquidate Bank Crozier, filed at Grenada Supreme Court.

Civil Lawsuit - May 20, 2003

Carla Bella Ltd. vs. Bank Crozier Ltd., Daryl Sands and Minister of Finance, filed at Grenada Supreme Court.

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• **Suisse Security Bank & Trust**

Bahamas Supreme Court Ruling - April 25, 2003

Eighty-five page ruling in which Justice Austin Davis rejected all 14 grounds put forward by SSBT in its appeal against a decision to revoke its license. Justice Davis commented: "SSBT's conduct of its affairs was palpably nonchalant and apparently beyond redemption when its licence was revoked."

Provisional Liquidator's Letter - November 11, 2002

Four-page letter. In one part, the provisional liquidator states: "Please be informed that I have had, and continue to encounter, formidable obstruction and interference from the Bank's management, employees, shareholders, directors, and attorneys. I have requested information and assistance from these persons, in accordance with the Order of my appointment, but such requests have been ignored."

Provisional Liquidator's Report - August 4, 2002

Thirty-three page report. In one part, the provisional liquidator states alleges that the owners of the bank transferred assets out of the jurisdiction, adding: "Further as long as these funds remain under the control of management this Bank is rendered insolvent, as the assets presently available to me are insufficient to cover the Bank's liabilities to depositors and creditors."

Bahamas Supreme Court Judgment - July 17, 2001

Dismissing a lawsuit filed by SSBT against the Central Bank of the Bahamas, its Governor, Julian Francis; and the Bank's Receiver, in which the bank argued that its license had been taken away illegally.

Bahamas Central Bank Order - April 2, 2001

Revoking the banking license of Suisse Security Bank & Trust.

Suisse Security Bank & Trust injunction - March 5, 2001

Order aimed at preventing its license from being suspended and the subsequent suspension, notwithstanding the injunction.

FBI Special Agent Gerard M. Forrester supports SSBT

Bizarre letters - on FBI letterhead - from a Miami-based FBI Agent, Gerry Forrester, in support of SSBT. The Feb. 11, 2000 letter is particularly extraordinary and invites suspicion. KYC News has confirmed that both of the letters are genuine. Forrester retired from the FBI shortly after writing them to operate as a private investigator in Florida.



Witness

EXHIBIT #4

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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No. 163-160

16320 N.W. 2nd Avenue
Miami, Florida 33169
January 17, 2001

Dear Governor Francis:

I just receive a letter from Christopher E. Lunn, Chief Executive Officer, Swiss Security Bank and Trust, Ltd. (SSBT) Nassau, Bahamas. Mr. Lunn related due to the heightened sensitivity in regards to financial transactions, in particular, source of funds and the criminal exploitation by money launderers of banks operating in international financial centers, he would like the FBI to provide written comments as this relates to SSBT.

In the past, the FBI wrote a letter to you expressing our thanks concerning SSBT as being one of the few banks in the Bahamas which express concerns and attempt to learn the proper procedures to curtail money laundering in their institution. In fact they are the only one that has expressed their concern to the FBI.

In a recent matter, the FBI had an investigation concerning Frederick C. Brand, doing business as Financial Federated Title and Trust, Inc. The case agent involved in this matter is SA Gary K. Van Zerie. Van Zerie advised because of the cooperation received by the Bahamian authorities and the banks in the Bahamas, particularly SSBT numerous individual were convicted and millions of dollars were seized. SA Van Zerie advised you may contact him at any time concerning SSBT. SA Van Zerie's telephone number is 561-822-5926.

Witness

EXHIBIT #4

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Since the existence of SSET, they have not been the subject of any FBI investigations. SSET continues to maintain close dialogue and cooperation when necessary.

Sincerely,



Gerard M. Forrester
Supervisory Special Agent

cc to Hon William C. Allen M.P.
cc to Mr. Iqbal Singh