Safe Haven

St. Kitts offers safe haven and security from events such as the recent Stanford International complaint

by M. Irvin BonCamper, Esq.

Within days of the SEC's February 2009 complaint against Texas billionaire Sir Allen Stanford, panicked depositors were lining up to withdraw their funds from Stanford's Bank of Antigua, in St. John's, Antigua.

In order to safeguard the interests of depositors, creditors and clients of the Bank of Antigua, the Eastern Caribbean Central Bank ("ECCB") swiftly exercised emergency regulatory powers to take over control of all funds, assets and other property of the bank.

Without such immediate and drastic action, a spokesperson for the ECCB said the Bank of Antigua may have been unable to meet its obligations, causing a serious threat to the country's entire financial services sector.

"The financial system of Antigua and Barbuda is in danger of disruption, substantial damage, injury or impairment as a result of the prevailing circumstances," an ECCB statement read.

The Bank of Antigua is now owned by a consortium of five Caribbean-based banks—SKNA National Bank, Bank of St Lucia, Antigua Commercial Bank, National Commercial Bank of St Vincent, and the National Bank of Dominica—and is being operated as the new Eastern Caribbean Amalgamated Bank.

While the events surrounding the Bank of Antigua may give cause for alarm, the manner in which the regional bank regulator—the ECCB—handled this crisis would have to be reassuring for our clients.

The banks with which we do business—the Bank of Nevis and the SKNA National Bank—have remained strong in the face of the global financial meltdown which continues to impact so many financial institutions onshore.

Indeed, in a recent statement issued by the ECCU Bankers Association, CEO Michael Archibald confirmed that the region has maintained a stable financial status and that the financial system is strong. While it is normal that there will be an impact on demand for services, the stability and solvency of the regions banks is not in doubt.

It's a far different story onshore. Despite massive capital injections, big banks on government support continue to struggle and have been unable to use the public funds to create economic growth. Many fear it's just a matter of time before they are nationalized; taken over by the government, thereby wiping out shareholder equity.

"The ECCB did not join the trend towards deregulation that was seen in other countries," said Archibald. As a result, our banks had no direct exposure to any of the toxic products and overvalued assets that contributed to the meltdown onshore.

"The conservatism for which the bankers in the ECCU have been so often criticized has been shown to have served us in good stead," said Archibald. "We are committed to ensuring the safety and soundness of the financial system." ■

AFMS CREDIT CARD SERVICES

Our secured credit cards come from the Bank of Nevis and the SKNA National Bank Ltd. All credit cards are issued by the Caribbean Credit Card Corporation.

Three options available to you:

- Classic Card — up to US$4,950
- Gold Card — US$5,000
- Corporate Card — Unlimited

The banks charge US$250 annually for maintenance of all corporate accounts.

Interest is charged at 18% per annum.

The banks provide credit up to 80% of your fixed deposit in each category, depending on the client.

The processing period is about 21 days. Our fee for obtaining a credit card is US$450 per application.

U.S. Securities and Exchange Commission

Litigation Release No. 20901
February 17, 2009

Stanford International Bank accused of orchestrating multi-billion dollar scheme

The SEC's complaint alleges that, acting through a network of Stanford Group Company financial advisers, SIB sold approximately $8 billion of so-called "certificates of deposit" to investors by promising improbable and unsubstantiated high interest rates.

These interest rates were supposedly earned through SIB's unique investment strategy, which allowed the bank to achieve double-digit returns on its investments for the past 15 years.

The SEC also alleges that SIB used materially false historical performance data to sell a mutual fund wrap program, called the Stanford Allocation Strategy.

According to the complaint, the false data helped SGC grow the SAS program from less than $10 million in 2004 to more than $1 billion in 2009. ■

M. Irvin R. Boncamper & Co. dba
A F M Services Group
(Established in St.Kitts & Nevis 1988)
Accountants, Auditors, Offshore Services Provider

The Rose Building
No. 6 Rosemary Lane
Basseterre, St.Kitts
Tel: (869) 465-4459
afms@caribsurf.com