

APPENDIX C



THE BAHAMAS INFORMATION SERVICES
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The Government of the Commonwealth of The Bahamas is aware that in recent proceedings in the United States by the Security and Exchange Commission arising out of insider-trading by Mr. Dennis Levine and his use of Bank Leu, a bank licensed and doing business in The Bahamas, Mr. Levine's identity and details of such transactions have been revealed to authorities in the United States of America without an application having been made to the Courts of The Bahamas and without the consent of that person having been obtained.

The Government is also aware that the disclosures which enabled the prosecution of Mr. Levine, which led to his guilty pleas to offences with which he was charged, have caused some disquiet in the financial community and what was perceived by them as a weakening of the resolve of the Government to continue to protect the confidentiality of banks clients' accounts.

It is appropriate, therefore, that the Government reconfirm its commitment to the legal principles upon which the privacy of banks clients' accounts is founded. Its commitment to the protection of the personal right to privacy of persons banking transactions remain undiluted.

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The Government is conscious of the necessity of the banks of The Bahamas maintaining their reputation for the highest standards of fidelity and integrity in their dealing with their clients. It is also conscious of the fact that all parties must be constantly vigilant to protect the integrity of the banking system from the actions of the criminal and fraudulent dealings of clients or the actions of bank employees which put that integrity in jeopardy.

Comments on the events which took place in Bank Leu in The Bahamas and the conduct of some of its employees must be limited because that conduct is presently still under police investigation which may lead to prosecutions. However, it is possible to state that as a result of events which came to the attention of the S.E.C. and the principals of Bank Leu both requested that the Attorney General of The Bahamas grant immunity to the officers of Bank Leu from prosecution under the Banks and Trust Company Regulation Act if disclosure of Mr. Levine's dealings with the Bank, limited to his insider-trading transactions, were made known to the S.E.C. Bank Leu, through its Bahamian Attorneys, specifically requested that they be allowed to make such disclosures because the conduct of its employees and their dealings with Mr. Levine would seriously affect and erode the integrity of their institution and that of banks operating in The Bahamas.

Having regard to this position taken by Bank Leu in the light of what it perceived to be the erosion of their reputation because of the conduct of its employees and Mr. Levine, the

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Attorney General, in the exercise of his discretion, determined that even though the relevant disclosures by Bank Leu may have amounted to an offence under the Bank and Trust Company Regulation Act, the peculiar and unprecedented circumstances of this case required that, in the public's interest and in the interest of maintaining the highest reputation for the banks of The Bahamas, he would not authorise a prosecution after the disclosure, as limited to his insider-trading transactions, was made by the bank to the S.E.C.

In view of this, the actions taken by the Attorney General are not to be regarded as an erosion of the principles upon which bank privacy is based in The Bahamas. Indeed, the Government reaffirms its commitment to the provision of an atmosphere in which quality financial institutions may operate with the highest degree of confidentiality. Further, the Government will not encourage persons to obtain the legitimate benefits of the statute through the perpetration of illegal conduct on the institution itself either inside or outside The Bahamas.

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September 4, 1986
Contact: Cabinet Office