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Indictment of Antigua's Top Regulator Raises Questions About Island's Credibility

By [Larissa Bernardes](#)

In another serious blow to Antigua and Barbuda's reputation, a Houston court indicted the island's top regulator last week, calling to question the credibility of its financial regulatory system.

Leroy King, former head of Antigua's Financial Services Regulatory Commission (FSRC), allegedly accepted bribes in exchange for helping billionaire Robert Allen Stanford disguise a \$7 billion Ponzi scheme, according to court documents filed last Thursday. King, a former Bank of America employee with dual U.S.-Antiguan citizenship, appeared in court Thursday, according to media reports.

A conviction for King would be "devastating to regulatory supervisors," according to Kenneth L. Bryant, managing director of Bryant & Associates, a Hayesville, North Carolina-based anti-money laundering consultancy. "It would undermine the trust and credibility of the whole system if he is complicit."

In recent years, Antigua tried to improve its reputations following reports by the United States, United Nations and the Caribbean Financial Action Task Force that the jurisdiction failed to control drug trafficking and properly enforce its anti-money laundering laws.

"This is a serious reputational hit, especially since the islands traditionally have had credibility issues in the past," according to Dennis Lormel, a managing director at IPSA International and a former FBI special agent.

To limit reputational damage, the islands should hire an external investigator to determine whether the commission as a whole acted lawfully and whether anyone else was involved in the alleged scheme, Bryant added.

Moreover, other Caribbean regulators should "consider their own vulnerabilities and make sure they have...a system of checks and balances in place to close any [possible] gaps," said Lormel.

In response to U.S. allegations, Antigua fired King from his position on June 23 and arrested him two days later, according to a June 25 report in The Wall Street Journal.

Antigua "is comprised of many hard-working professionals who do not tolerate... wrongdoing and other financial crimes, and who continue to honor best practices with respect to international banking standards," said Verlyn Faustin, head of the International Financial Services Providers Association of Antigua and Barbuda, in a June 21 statement.

Still, some doubts remain.

"It's logical by the way the government is approaching this that they are trying to distance themselves from involvement in the Stanford case," said a former U.S. State Department official who believes that the corruption is more extensive. "This Stanford thing is just the tip of the iceberg."

Starting in 2000, Stanford and his co-conspirators sold certificates of deposits offering higher interest rates than what could be found in the United States, according to prosecutors. While investors were promised minimal risk, approximately 80 percent of Stanford International Bank's investments consisted of illiquid assets that had been fraudulently obtained, according to court documents.

Stanford and his accomplices ultimately defrauded 30,000 investors through the sale of the fraudulent certificates, according to court documents. The larger scheme involved bank accounts with Credit Suisse, Bank Julius Baer, HSBC, RBS Coutts and Toronto Dominion Bank, among others, according to prosecutors.

To keep King quiet about the fraud, Stanford paid the regulator bribes ranging from \$2,000 to \$15,000, with most falling under the \$10,000 regulatory reporting threshold, according to court documents. King deposited at least \$177,570 potentially tied to the scheme, much of it into a bank account in Tucker, Georgia, according to prosecutors.

Responding to negative press related to the case, financial services practitioners from the islands formed the St. Johns-based International Financial Service Providers Association, an organization that promotes the jurisdiction's "sound, competitive" financial regulations, according to an association brochure.

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