



OFFICE OF THE MINISTER OF FINANCE AND THE PUBLIC SERVICE

Wednesday, April 17, 2024

Consolidated Update on SSL

1.0 Background

The fraud at Stocks and Securities Limited (“SSL”) is of public interest. The Financial Investigation Division has reported that the fraudulent schemes are now estimated to have affected over 200 accounts and the extent of the fraud exceeds \$3 billion in value.

SSL was a boutique wealth management firm with assets that represented approximately 0.6% of consolidated financial sector assets. At the time the fraud came to public attention, SSL had custody of approximately \$30 billion of client assets as part of SSL’s off-balance sheet portfolio. There have been periodic updates from the entities managing the winding down of SSL, the transfer of its client balances to accounts designated by clients, and the investigation into the fraud.

However, some members of the public have requested a consolidated update, which I now provide in this release, from updates provided to me by the FSC, the FID and the Temporary Manager.

2.0 Temporary Management

2.1 Transfer of Accounts

At the time that SSL came under Temporary Management it held a portfolio of off-balance sheet assets across thousands of client accounts.

The orderly winding down of SSL requires the transfer of these assets to clients after clients contact SSL and provide acceptable Know Your Customer and identification information.

2.2 Transfer of Local Securities

Transfers began in September and, as at April 16, 2024:

- 1,230 client accounts totaling approximately J\$15.37 billion of local equity and fixed income securities were transferred to accounts specified by these clients;
- Jamaican dollar cash of approximately J\$665 million for 338 clients, has been paid over to these clients.

- **Therefore, a total of \$16.035 billion in, (or approximately 70% of), Jamaican dollar denominated assets held in SSL's off-balance sheet portfolio have now been transferred to clients.** Jamaican dollar denominated assets include Jamaican equity and fixed income securities and Jamaican dollar cash.
- **For the remaining Jamaican dollar securities, totalling \$7.6 billion in value, the Temporary Manager is pursuing an agreement with a trust company for the *en bloc* transfer of these remaining Jamaican dollar assets which will be held by the trust company in custody for clients.** More details will be provided once this agreement is finalised.
- SSL continues to process requests to transfer available cash balances. Clients are required to submit their request including payment details to the Service Team.

2.3 Transfer of the Proceeds of International Securities

- Prior to April 11, 2024, the portfolio of international equity, fixed income and other securities, held by SSL on behalf of clients, totalled approximately US\$32.8 million.
- **As at April 11, 2024, 98% of this international portfolio had been liquidated.**
- **In relation to these international securities, once accounts have been reconciled, funds will be remitted directly to clients based on their instructions.**
- The Temporary Manager is encouraging clients to indicate their preferred payment currency and provide banking details as outlined below:
 - (i) *Bank Name and Branch*
 - (ii) *Name(s) on Account*
 - (iii) *Account Number*
 - (iv) *Account Currency and Type*
 - (v) *Routing Number or Intermediary Banking Details*
- The Temporary Manager emphasises that payments will only be made to account holders and third-party transactions will not be executed.

2.4 SSL Staff Complement and Client Contact Details

- **SSL's staff complement has been reduced to 8 full-time and 3 part-time individuals from 22 full-time individuals as at September 2023.**
- SSL clients may direct any concerns or queries regarding their accounts to the SSL Client Service Team. The team is available via email at sslserVICETEAM@sslINVEST.COM or by

phone at 876-948-0015 or at the offices of SSL, relocated to 11 Connolley Avenue, Kingston 4.

3.0 Recovery of SSL Client Losses due to the Alleged Fraud

The transfers described in Section 1.1 – 1.3 above represent transfers of client assets that existed in SSL at the time of the appointment of the Temporary Manager.

As such, none of the 200 accounts reportedly affected by the SSL fraud have recovered any part of what was lost due to the fraud.

Any recovery could only come by way of identification and pursuit of the proceeds of the fraud in accordance with Jamaica's Proceeds of Crime Act ("POCA"). As such, the Financial Investigative Division ("FID"), in its role as the Asset Recovery Agency under the POCA, is empowered by law "*to provide for the investigation, identification and recovery of the proceeds of crime and for connected matters*"¹. The FID is also the Enforcing Authority under the POCA for the purposes of conducting proceedings relating to criminal forfeiture under section 5 of the Act and the FID is also expressly authorized to conduct civil recovery proceedings in the Supreme Court.

The procedures to effect these mandates are set out in the POCA. While the tracing of fraudulently obtained assets can begin before the conclusion of court proceedings in the criminal matter, the "benefit investigation", which is integral to the forfeiture and recovery process, can only start after criminal convictions are obtained in connection with the fraud. However, civil proceedings, are open to aggrieved parties and can be started at any time.

4.0 SSL Investigation

As I mentioned in my Opening Budget Presentation in, March 2023 and again in March 2024, with respect to the investigation into SSL, the policy position of the Government is that we will make available whatever resources are required to ensure a thorough, fair, complete, and independent investigation. We will also:

- Leave no stone unturned;
- Follow the evidence wherever it may lead; and
- Seek international assistance.

This is the policy that has been implemented.

¹ The POCA

As previously updated, KROLL Associates UK Limited, a renowned international investigations firm, was engaged to undertake an independent forensic audit to understand the facts relating to the fraud perpetrated at Stocks and Securities Limited over the period 2010 to 2023.

The company was selected because it did not have any connection in Jamaica and because its vast experience given the complexity of the matter, the volume of transactions, the number of accounts held by clients, and the number of bank accounts held by the SSL network of companies.

The KROLL team, working with the support of government agencies, including the FID and FSC, utilized technology, data analytics and forensic expertise to produce a comprehensive and independent report of its findings in November 2023. The KROLL report has confirmed that the suspected fraudulent activity and mismanagement at SSL and its related parties were much broader than initially understood.

With the benefit of this report, their own investigations, and through collaboration with other law enforcement agencies, the FID has publicly reported that a file was submitted to the Office of the Director of Public Prosecutions for the consideration of criminal charges against individuals linked to the SSL network of companies and/or the companies pursuant to the Proceeds of Crime Act, Larceny Act and financial sector legislations.

5.0 Financial Services Commission v. Stocks & Securities Limited

It is customary that public comments by members of the Executive and Legislative branches of government on matters actively before the Judiciary are limited to what is expressly in the public interest, if public comment is to be made at all.

As such my comments here will be necessarily brief.

The core issue in the case is to determine whether the authority over SSL should rest with the Temporary Manager appointed by the Financial Services Commission or the Trustee appointed by (the Board of) SSL itself.

After a hearing on December 20, 2023 and Pre-Trial Review on January 18, 2024, the trial commenced on February 26, 2024, with the next hearing scheduled for April 29, 2024.

6.0 Further Communications

The agencies and entities involved in the SSL matter will continue to independently provide updates. A landing page that consolidates all of the past and current updates and releases will be available for viewing by the end of this week.

As Minister of Finance and the Public Service I will continue to keep the public informed, as and when required.