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PRESS RELEASE

For Release: Wednesday 1st July 2009

BERMUDA MONETARY AUTHORITY TAKES ENFORCEMENT ACTION ON INVESTMENT BUSINESS

As part of its continuing enforcement actions, the Bermuda Monetary Authority has today initiated winding-up proceedings against three licensed companies in local investment group, the Emerald Financial Group (EFG) in conjunction with the Registrar of Companies.

The Authority has taken this action with the protection of investors as its paramount objective, and based on its concerns about regulatory irregularities within the three licensed entities which have led to increasing levels of regulatory oversight and enforcement action over the past year. Most recently, in March of this year, the Authority restricted the licenses of the three EFG entities, namely Emerald Financial Ltd., Emerald Investment Management Ltd. and Directrade. Earlier, the Authority placed restrictions on the marketing of a fund provided by EFG. As a result of the licence restrictions, the entities were prevented from conducting most forms of regulated investment business, including the provision of investment advice, accepting new funds for investment or reinvesting existing funds. Those restrictions remain in place. The Police action taken today, while separate from the Authority's actions, has exacerbated the Authority's concerns about the three entities and their suitability to conduct licensed business.

At this point it has been established that clients with investments in securities established via Directrade are still able to trade those investments, using an alternate broker. In addition, the maturity dates in place for mutual fund investments made through Emerald Investment Management remain in effect.

Professional services firm KPMG has been appointed to coordinate the winding-up process, on behalf of the Official Receiver. KPMG will, as part of its responsibilities, be conducting a reconciliation of all client accounts to determine the position with respect to investor funds. Any clients, investors or creditors with enquiries regarding the winding-up proceedings should contact Charles Thresh on emeraldinfo@kpmg.bm

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Matthew Elderfield, CEO of the Authority said, “The enforcement actions we have taken today and over the past months demonstrate that the Authority will not tolerate regulatory shortcomings which put investors at risk. We will be working closely with the Official Receiver to ensure information is made available to investors as quickly as possible.”

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