Response to Details of Settlement Agreement
between Investment Industry Regulatory Organization
of Canada (IIROC) and Douglas Ralph Garrod

As we have not been able to access the substance of the article published in the Offshore Alert on Thursday 3rd November 2011, referenced by The Tribune, we will limit our response to the facts as contained in the Settlement Agreement.

You should first note that this matter refers to a case which was tried in the United States of America over three years ago and in which Montaque fully cooperated with the local Bahamian and American regulators in the disclosure of relevant information regarding the companies and transactions of the clients implicated in the matter. The records reflected that Montaque's client met all the standards of proper due diligence and know your customer rules by Montaque as he had been a long-standing client of the firm for several years before the incident involving the stock of Global Corporation (GTX). From the records and the nature of the relationship with the client there was no reason to believe that the client was involved in a scam or illegal activity, neither that he was acting for another party, namely David Hagen, but was the principal and beneficial owner of the stock in question.

The relationship with Global Securities Corporation (Global), as the Settlement Agreement states, dates back to the year 2000. It is customary and the Montaque's standard practice that on the activation of an account with a foreign brokerage firm to explain the nature of our operations, including the practice of reflecting our nominee companies as the registered beneficial owners of the International Business Companies administered by Montaque, in this case Laureate and Walcott. As Edison Sumner and Owen Bethel were the ultimate beneficial and registered owners of those nominee companies it was customary to reflect those individuals as the beneficial owners of accounts established in the name of Montaque and/or its affiliates or administered companies. At all times this procedure would have been made clear to both the principals and officers of Global, and the accounts opened on the basis of this understanding, as it otherwise would not have been practical. It is important to note that under the laws of The Bahamas and in keeping with the confidentiality limitations in disclosing clients' information, Montaque was restricted to disclosing only what the public records reflected on the relevant companies. Global was fully aware of this from the year 2000, and as nothing had changed in this process since that time, and the activation of numerous other accounts in the intervening period, there was no reason to disclose otherwise at the point of the activation of the relevant accounts in March 2005.

The position of Global at all times since the establishment of a relationship with Montaque was that Montaque was its client and there was no need to look beyond the ownership of Montaque. Accordingly the account opening forms were completed, with the full knowledge of the management and officers of Global, in the

manner indicated in order to be consistent with both the public records and Montaque as the client of Global. Clearly in order to retain the business of Montaque in all of the accounts including those of Laureate and Walcott, from which the firm benefitted quite lucratively, Global systematically either "chose" not to look beyond the beneficial ownership of Montaque and/or assisted or guided in the completion of the account opening forms, referred to as the New Account Application Form (NAAF) in the Settlement Agreement, so that the same reflected the ownership of Montaque.

It is unfortunate that the IIROC did not determine it necessary to either interview or seek information from Montaque or its principals in the process of considering the cases of Mr. Garrod, Ms. Zosiak, and Mr. Brighten, particularly as the actions and procedures of Montaque and its principals seem to have factored significantly in the determination of the outcome of the cases. As in the US legal action, Montaque would have welcomed the opportunity to provide relevant information and documents to the regulators.

Owen Bethel
6 November 2011