



“Ensuring Investor Protection”

SECURITIES AND EXCHANGE COMMISSION

PRESS RELEASE

UPDATE ON IMPLEMENTATION OF BAILOUT PROGRAM FOR AFFECTED CLIENTS OF BLACKSHIELD FUND MANAGEMENT LTD (FORMERLY GOLD COAST)

(NOTICE NO. SEC/PR/002/10/2023)

FOR IMMEDIATE RELEASE

The Securities and Exchange Commission (SEC) wishes to update the public on the Bailout program, focusing on the unfortunate plight of the customers of Blackshield Fund Management Company Limited (formerly Gold Coast Fund Management Limited) (Blackshield/Gold Coast) who began a 48-hour picketing at the Ministry of Finance (MoF). This follows our Press Release of 30th March 2023 and the engagement with aggrieved customers who came to picket at the SEC premises in May 2023.

We wish to state that the delay in payment of bailout funds to affected customers is not due to the refusal of the Ministry of Finance to provide funds. The delay is principally due to the legal action by Blackshield/Gold Coast contesting the liquidation petition brought by the Official Liquidator (Office of the Registrar of Companies) at the request of SEC following the revocation of licences. The SEC will continue to support the Official Liquidator in pursuing the liquidation petition in court.

Background to the Revocation Exercise

It may be recalled that the SEC revoked the licenses of fifty-three (53) Fund Management Companies (FMCs) on 8th November 2019 due to various regulatory breaches, including their

inability to return clients' funds estimated at eight billion cedis (GHS 8 billion). The licenses were revoked in accordance with the mandate of SEC to protect investors and the integrity of the capital market as well as mitigate the risks to financial stability.

Following the revocation of the licenses, the SEC took the following actions to protect investors:

1. Notified the Registrar of Companies/Registrar General to petition the Court for orders to commence the official liquidation of the fifty-three (53) FMCs under the relevant law.
2. Secured a bailout package for affected clients of the FMCs from Government on two conditions: that liquidation orders are granted by the courts; secondly, validation of claims of claimants should also be completed. SEC is currently working with these conditions.
3. Appointed an agent in line with the relevant provisions of the Securities Industry Act to take copies of records, lock premises to secure the assets of the affected companies and mandated the agent to receive as well as validate claims from the clients of the affected companies.

Picketing of Clients of Blackshield/Gold Coast at the Ministry of Finance

The SEC has noted comments seeking a release of GH¢8.6 billion which was purportedly approved by Parliament to settle clients of Blackshield/Goldcoast, hence the protest at MoF. We reiterate that a full bailout has been extended to affected clients of the companies where the liquidation orders have been granted by the Courts and a partial bailout in the case where the liquidation petition is pending.

The SEC can confirm that so far, GHS 4.6 billion has been paid as follows: GHS3.1 billion to Amalgamated Fund Tier 1 payments and GHS1.45 billion assigned to Amalgamated Fund Tier 2 payments. This disbursement includes the partial bailout program, which entailed the proactive payment of a threshold sum of up to Fifty Thousand Ghana Cedis (GHS 50,000) to clients of Blackshield/Gold Coast and other companies who had not received Winding up orders from the Court by October 2020 but whose claims had been validated. Altogether, 73,541 claims, amounting to GHS 1.34 billion have been paid to Blackshield/Gold Coast clients in the partial bailout program. Out of this amount, a total amount of GHS 757,539,141 has been used to fully settle 61,734 claims of Blackshield/Goldcoast customers.

Blackshield/Gold Coast Gold clients have not been fully covered (full bailout) because of the litigation issues instigated by Blackshield/ Goldcoast which have slowed down the process of obtaining the Winding Up order from the court by the Official Liquidator. Moreover, the approval from Parliament lapsed in line with the fiscal cycle, therefore any expenditure required for paying outstanding bailout payments at this moment will require the approval of Cabinet and Parliament.

a. Rationale for Obtaining Winding Up Orders

We emphasize that full disbursement of bailout funds only occurs after validation of claims and a winding-up order by the Court. This is to ensure that all claims are verified, and the assets and liabilities of the companies are transferred to the Office of Registrar of Companies. In compliance with the Corporate Insolvency and Restructuring Act, 2020 (Act 1015), as amended by the Corporate Insolvency and Restructuring (Amendment) Act 2020 (Act 1031), a winding-up order can only be granted by a Court hence the ongoing court process between the Office of the Registrar of Companies and Blackshield/ Gold Coast. The Office of the Registrar of Companies has been granted 44 winding-up orders by the Court and only 2 are outstanding, namely Blackshield/ Gold Coast and Kron Capital Ltd.

b. Why Full Bailout for Blackshield Clients is Still Pending

As indicated in Press Release on 30th March 2023, the liquidation petition is still pending in court and thus stalling Government's full bailout program for the affected clients. Blackshield/Gold Coast have filed applications at various courts to challenge the SEC's decision to revoke its license. The unfortunate consequence of this action is that the Official Liquidator cannot complete the liquidation process, which has subsequently impacted Government's ability to roll-out the bailout program to the remaining affected customers of Blackshield/ Gold Coast. It is evident that a change in the posture of Blackshield/ Gold Coast to the liquidation petition is key to speeding up the process.

As many can attest, the Government has demonstrated commitment to the bailout program as evidenced in the partial bailout which has benefitted customers of Blackshield/Gold Coast.

Even as we empathize with the very difficult conditions of clients affected by the legal hold-up, SEC wishes to appeal for calm and encourage affected clients to rely only on information provided

by the SEC and the Official Liquidator. Affected investors or members of the general public are encouraged to contact the SEC via its toll-free line number: **0800100065** or email the SEC via **info@sec.gov.gh** or alternatively the office of the Official Liquidator by calling **0242439453** or visiting www.bailout.rgd.gov.gh for enquiries on the issue. This Press Release is issued pursuant to Sections 3 and 208(c) of the Securities Industry Act, 2016 (Act 929) as amended.

ISSUED BY
THE SECURITIES AND EXCHANGE COMMISSION (SEC)
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