



OFFICE OF
INTERNATIONAL
AFFAIRS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

4 May 2005

Mrs. Cindy Scotland
Managing Director
Cayman Islands Monetary Authority
Elizabethan Square
PO Box 10052 APO
Grand Cayman
Cayman Islands
British West Indies



Re: Undertaking between Cayman Authorities and staff of the US Securities and Exchange Commission

Dear Ms. Scotland:

I am forwarding a signed copy of the undertaking between the staff of the US Securities and Exchange Commission ("SEC") and the Attorney General of the Cayman Islands, the Chief Justice of the Cayman Supreme Court and the Cayman Islands Monetary Authority ("CIMA"). I would like to take this opportunity to thank you and your colleagues for your commitment to international enforcement cooperation as evidenced in conclusion of the attached undertaking.

This undertaking was made possible by the consent of the Criminal Division of the United States Department of Justice ("DOJ") to restrictions on the use of any information provided by CIMA to the SEC that is subsequently further shared with DOJ for use in related criminal investigations (see attached letter dated 12 January 2005). DOJ's agreement to these restrictions was necessitated by the express restriction on the use of information obtained by CIMA in foreign criminal proceedings. This restriction is inconsistent with the international benchmark for enforcement cooperation set forth in the International Organization of Securities Commissions ("IOSCO") Multilateral Memorandum of Understanding ("MMOU"). However, we think that this undertaking is a practical and clear solution to the problems that had previously impaired cooperation between CIMA and the SEC.

Ms. Cindy Scotland
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We are hopeful that this undertaking represents an interim solution, and that you will be able to cooperate in the near future in accordance with the standard articulated by the international regulatory community in the MMOU. We look forward to continued close cooperation between our organizations.

With best regards



Ethiopis Tafara
Director

Enclosure

cc: The Honorable Samuel W. Bulgin
Attorney General of the Cayman Islands

The Honorable Chief Justice Anthony Smellie
Cayman Central Authority under the Mutual
Legal Assistance Treaty between
the United States and the Cayman Islands

Mary Ellen Warlow
Director
Office of International Affairs
United States Department of Justice

UNDERTAKING

The Cayman Islands Monetary Authority ("CIMA"), the Attorney General of the Cayman Islands (the "Attorney General"), the Cayman Central Authority under the Mutual Legal Assistance Treaty between the United States and the Cayman Islands (the "Central Authority") (collectively the "Cayman Authorities"), and the Office of International Affairs of the United States Securities and Exchange Commission confirm their understanding regarding: (i) the procedure for making United States Securities and Exchange Commission ("SEC") requests to CIMA under Section 50 (3) (b) and (c) of the Cayman Monetary Authority Law ("MAL"); (ii) the permissible uses and disclosures by the SEC and the United States Department of Justice ("DOJ") of information provided by CIMA; and (iii) the procedure and standard for granting the Cayman Authorities' consent for the onward disclosure of information from the SEC to the DOJ.

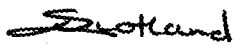
- The SEC in making its requests will describe the nature of its investigation, the potential violations of laws administered by the SEC, the fact that violations of the securities laws described can be enforced both civilly and criminally, and a description of the information sought;
- A potential violation of the US federal securities laws as described in the SEC's request will be considered an "offense" for the purposes of Section 50(3)(c) of the MAL;
- The SEC will specify at the time of its requests the potential uses of information sought from CIMA, which could include use in investigations and civil and administrative proceedings to enforce those laws and regulations under its oversight (i.e., the U.S. federal securities laws and the rules issued thereunder);
- At the time of its requests, the SEC will also seek consent for potential disclosure to the DOJ for the purpose of investigation into potential criminal contraventions of the US federal securities laws or related charges, including money laundering;
- While the DOJ may not have a related investigation at the time of the SEC request to CIMA, this will not preclude the Cayman Authorities from granting upfront consent to the SEC for potential onward disclosure to the DOJ;
- Prior to the onward sharing of information by the SEC to the DOJ, the SEC will obtain an undertaking from the prosecutor that information provided by CIMA will be used in a manner consistent with the limitations in this undertaking;
- Upon receipt of an SEC request, CIMA will forward the request to the Attorney General and the Central Authority for the purpose of evaluating whether consent for onward disclosure is appropriate;

The Attorney General and the Central Authority will, on the basis of the information contained in the SEC's request, determine whether there are reasonable grounds to believe an offense of US federal securities laws has been committed;

- Absent extraordinary circumstances, the Cayman Authorities will determine whether to consent to onward disclosure by the SEC to the DOJ within five days of CIMA forwarding an SEC request to the Attorney General and the Central Authority;
- If the DOJ intends to disclose either documents received from CIMA or the source of the information provided by CIMA during the course of DOJ's investigation, the DOJ will seek the prior consent of the Central Authority;
- If the DOJ intends to use any information provided by CIMA to the SEC: i) for DOJ investigations into charges other than those related to violations of laws and/or regulations administered by the SEC; or (ii) for use as evidence in a criminal proceeding, the DOJ will seek the prior consent of the Central Authority; and
- Non-public information gathered by CIMA on behalf of the SEC will not be used by the DOJ against the provider of the information in question in a criminal prosecution, other than for perjury.

Dated:

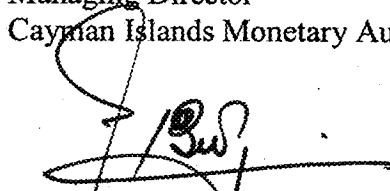
Signed:



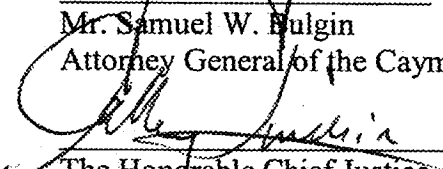
Mrs. Cindy Scotland
Managing Director
Cayman Islands Monetary Authority



Ethiopfs Tafara
Director
Office of International
US Securities & Exchange
Commission



Mr. Samuel W. Bulgin
Attorney General of the Cayman Islands



The Honorable Chief Justice Anthony Smellie
Cayman Central Authority under the Mutual
Legal Assistance Treaty between
the United States and the Cayman Islands



U.S. Department of Justice

Criminal Division

Washington, D.C. 20530

January 12, 2005

Ethiopsis Tafara, Director
Office of International Affairs
U.S. Securities & Exchange Commission
450 5th Street, N.W.
Washington, D.C. 20009

Re: Implementation of the Undertaking between the Securities and Exchange Commission and the Cayman Islands Monetary Authority (CIMA), the Attorney General of the Cayman Islands, and the Chief Justice of the Supreme Court of the Cayman Islands (collectively the Cayman Authorities)

Dear Mr. Tafara:

This letter confirms the understandings reached between the Criminal Division, Department of Justice (DOJ), and the Securities and Exchange Commission (SEC) regarding implementation of the attached proposed Undertaking with the Cayman Authorities, which is designed to provide the SEC with information it needs from CIMA and provide a framework for the SEC's onward disclosure of information to the DOJ for securities-related criminal investigative purposes.

The DOJ understands that pursuant to the undertaking the SEC is entering into with the Cayman Authorities the SEC will be in a position to obtain the consent of the Cayman authorities to disclose information received from CIMA to the DOJ. However, the DOJ understands that the SEC can make such an onward disclosure only if the receiving DOJ authority commits to the limitations on the use of that information described in the undertaking and required under Cayman Islands law. The DOJ understands that pursuant to those limitations, non-public information that the SEC discloses to the DOJ may be used by the DOJ only for the purpose of investigating potential criminal violations of U.S. securities laws. The DOJ further understands that in order to (1) disclose either documents received from CIMA or the source of information provided by CIMA during the course of the DOJ's investigation of potential violations of U.S. securities laws; (2) use information received from or provided by CIMA for the investigation of other crimes; or (3) use the information received from or provided by CIMA as evidence in any criminal proceeding, other than a prosecution of the provider for perjury, it will be necessary for the DOJ to obtain authorization for such use of the information by making a request under the treaty between the United States and the United Kingdom concerning the Cayman Islands relating to mutual legal assistance in criminal matters.

Please accept this letter as confirmation of our understandings regarding this arrangement with the Cayman Islands.

Sincerely,

Mary Ellen Warlow, Director
Office of International Affairs

Attachment