



FOR IMMEDIATE RELEASE

**High Court Affirms Central Bank's Appointment of Administrator to  
St. Francis Xavier Credit Union**

**Belize City, 16 April 2024:** The High Court of Belize, by a decision issued on 15 April 2024, dismissed the challenge to the Registrar of Credit Unions' (Registrar) appointment of an Administrator to St. Francis Xavier Credit Union Limited (SFXCU) and affirmed that the appointment was lawful.

On 10 March 2023, the Governor of the Central Bank of Belize, in his capacity as Registrar, acting in accordance with Section 61 of the Credit Unions Act, appointed an Administrator to SFXCU. The appointment was made after the Registrar concluded that certain administrative and operational problems facing SFXCU may jeopardize the stability of the credit union. This conclusion was made following a thorough examination of the affairs of the credit union, including two independent investigations, as well as a special examination conducted by the Registrar's office.

The examination reports concluded that, inter alia, there were significant deficiencies in credit risk management, internal audit functions, and internal control mechanisms. The reports also highlighted numerous breaches of SFXCU's established policies, procedures, and bylaws; contraventions of the provisions of the Credit Unions Act; and an apparent culture of self-dealing and failures of senior management.

Based on the conclusions of the examinations, the Registrar sought to engage the Board of Directors of SFXCU (Board) from as early as June 2022 to implement corrective measures to address the deficiencies in management and to mitigate the risks to depositors posed by the systemic problems uncovered.

The attempt to engage the Board proved unsuccessful, despite a lengthy period of communication which lasted several months. The Board either refused or neglected to implement the necessary measures which the Registrar had concluded were necessary to safeguard members' funds. In the opinion of the Registrar, the Board was either not disposed or equipped to discharge the fiduciary duties owed to members of SFXCU to safeguard their interest.

Following the appointment of the Administrator in March 2023, seven of the eight members of the Board of SFXCU then constituted and the General Manager, Rafael Dominguez (the Claimants), brought a legal challenge to the appointment in the High Court of Belize alleging, among other things, that the appointment was unlawful, in breach of the provisions of the Credit Unions Act, in breach of the requirements of natural justice, and otherwise in violation of the Claimants' constitutional rights.



On 15 April 2024, the High Court of Belize issued a decision dismissing the challenge to the Registrar's appointment of the Administrator and affirming that the appointment was lawful, in accordance with the provisions of the Credit Unions Act, and not in violation of the principles of natural justice or the Claimant's constitutional rights. The decision of the High Court vindicates the Registrar's appointment of an Administrator to SFXCU, and the Registrar is grateful that the Court saw it fit to dismiss the legal challenge to the said appointment.

SFXCU currently remains under administration and the Registrar wishes to notify the public that significant steps have been taken since the appointment of the Administrator to address the systemic issues which necessitated the appointment. The Registrar will continue to discharge its statutory mandate to inspect, inquire into, and supervise all credit unions to safeguard the interests of members.

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ISSUED BY:  
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