

# FSA Update

## At the FSA last week:

### FSA bans Christian and Angie Littlewood

Following their convictions for insider dealing, the FSA has issued final notices (dated 31 May, but released on 7 June) to **Christian Littlewood** and **Angie Littlewood** prohibiting them both from working in the financial services industry.

In February 2011, Christian Littlewood, a former investment banker, was sentenced to three years and four months' imprisonment. His wife Angie Littlewood was sentenced to twelve months' imprisonment, suspended for two years. They, together with a third individual, Helmy Omar Sa'aid (who was sentenced to two years' imprisonment and ordered to pay £460,000 under a confiscation order) pleaded guilty in October 2010 to insider dealing offences under Part V of the Criminal Justice Act 1993. The FSA has indicated in the final notice issued to Mr Littlewood, that it is not seeking to impose a prohibition order on Mr Sa'aid, who now resides outside the UK.

Confiscation proceedings under the Proceeds of Crime Act 2002 ("POCA") are still ongoing against Mr and Mrs Littlewood. Whilst those proceedings are ongoing, they remain subject to restraint orders under POCA, which freeze assets in order to preserve them for any confiscation order which may be made against them. Restraint orders specifically prohibit the use of frozen ("restrained") assets to fund legal representation in regulatory proceedings.

Mr Littlewood, who remains in custody, made representations that the FSA should delay taking action against him until he has been released from prison and until confiscation proceedings have been concluded. He argued that, until then, due to the constraints on his liberty and financial resources, he is unable to obtain legal representation or to properly represent himself. He also alleged bias on the part of the Regulatory Decisions Committee ("RDC").

Rejecting all these arguments, the RDC found that, as confiscation proceedings are ancillary to conviction and do not involve any determination as to whether an individual is guilty of offences, they are irrelevant to regulatory proceedings deciding that individual's fitness and propriety. It decided that it was therefore not appropriate to wait for the conclusion of the confiscation proceedings before making prohibition orders.

It also found that regulatory proceedings are administrative in nature and do not attract a right to legal representation and that, in any event, Mr Littlewood has not suffered any prejudice as he has engaged in the process and made representations on his own behalf.

<http://www.fsa.gov.uk/static/pubs/final/angie-littlewood.pdf>

<http://www.fsa.gov.uk/static/pubs/final/christian-littlewood.pdf>

### Other Final Notices

The FSA has (in a Final Notice dated 24 May, released on 7 June) refused the application for registration as a small payment institution under the

## Key issues

- **FSA bans Christian and Angie Littlewood**
- **Other Final Notices**
- **Tribunal upholds FSA's cancellation of permission**
- **FSA issues finalised guidance on independent and restricted advice**
- **Treasury Committee expresses continuing concern on Financial Services Bill**
- **Tribunal to hear reference in Swift Trade market abuse action**

Payment Services Regulations 2009 of **Travel Solutionz Limited** for failure to provide information requested in the course of the application process.

<http://www.fsa.gov.uk/static/pubs/final/travel-solutionz.pdf>

### Tribunal upholds FSA's cancellation of permission

The Upper Tribunal has (in a judgment dated 28 May, released on 7 June) upheld the FSA's decision to cancel the Part IV permission of **Athanass Stefanopoulos**, a sole trader who has previously conducted home finance business. The action was taken by the FSA for non-payment of fees and levies due between 2005 and 2011 (due largely to health problems).

[http://www.tribunals.gov.uk/financeandtax/Documents/decisions/athanassstefanopoulos\\_v\\_fsa.pdf](http://www.tribunals.gov.uk/financeandtax/Documents/decisions/athanassstefanopoulos_v_fsa.pdf)

### FSA issues finalised guidance on independent and restricted advice

Following the guidance consultation (GC 12/3) issued in February 2012, the FSA has (on 6 June) issued finalised guidance (FG 12/15) in relation to "independent" and "restricted" advice. Ahead of the changes made to the Conduct of Business Sourcebook ("**COBS**") as part of the Retail Distribution Review which take effect on 31 December 2012, the guidance sets out the FSA's expectations of standards of independent advice and sets out the circumstances in which advice may be described as "restricted". It also includes specific guidance on how firms should communicate their advice services and use specialist advice tools and investment strategies.

[http://www.fsa.gov.uk/library/policy/financial\\_guides/2012/fq1215](http://www.fsa.gov.uk/library/policy/financial_guides/2012/fq1215)

### Further afield:

#### Treasury Committee expresses continuing concern on Financial Services Bill

Following its scrutiny of the proposals set out in the Financial Services Bill, and ahead of the bill's second reading of the Financial Services Bill in the House of Lords on 11 June, the Treasury Select Committee has (on 8 June) taken the unusual step of publishing a further report setting out its outstanding concerns and proposing some solutions.

Amongst the committee's main concerns is its perception that the bill

is being rushed through Parliament and that it is becoming unduly complex. It also sets out specific concerns mainly centred on the accountability and governance of the Bank of England and Financial Conduct Authority under the new "twin peaks" structure.

<http://www.publications.parliament.uk/pa/cm201213/cmselect/cmtreasy/161/16102.htm>

### Next week:

#### Tribunal to hear reference in Swift Trade market abuse action

The Upper Tribunal is scheduled (on 11 June) to start hearing the reference by **Peter Beck** and **7722656 Canada Inc ("Canada Inc")** of the Decision Notice issued to them on 31 August 2011, which alleges their involvement in market abuse and sets out the FSA's decision to impose a financial penalty of £8 million. The hearings are scheduled to continue until 22 June.

The Decision Notice was published on 30 November 2011 after unsuccessful challenges pursued by Mr Beck and in the Upper Tribunal and High Court to the FSA's power to publish it under section 391(4) of the Financial Services and Markets Act 2000.

[http://www.fsa.gov.uk/static/pubs/decisions/swift\\_trade.pdf](http://www.fsa.gov.uk/static/pubs/decisions/swift_trade.pdf)

[http://www.fsa.gov.uk/library/communication/statements/2011/swift\\_trade.shtml](http://www.fsa.gov.uk/library/communication/statements/2011/swift_trade.shtml)

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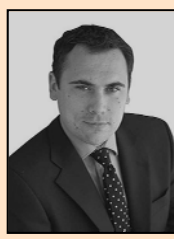
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