

# This week at the UK regulators

## Thirty second guide: The week in overview

The Christmas and New Year period was relatively quiet for the UK Regulators. The most significant enforcement development was the imposition of a sentence of 12 months' imprisonment on Mark Lyttleton following his conviction for insider dealing offences. He was also made the subject of a confiscation order and a costs order was made in favour of the FCA.

There was no significant concluded enforcement action, and publicised developments were limited to one judgment from the Upper Tribunal and a number of Final Notices in relation to firms and individuals carrying on various consumer credit activities. On 3 January the FCA shared some of the "key themes" from its "Our Future Mission" survey, which was designed to provide the FCA with feedback from within the industry. The key themes arising from the survey include a desire for "clarity and a sense of direction" from the FCA generally, a better definition of who qualifies as a vulnerable customer and how they should be dealt with and more proactive sharing of lessons learned and good practice.

The Bank of England published a speech given by Stephen Brown, its Head of Internal Audit, in Dubai in mid-December stressing the importance of the internal audit function in protecting banks and noting that Internal Audit must work together with management while preserving their independence in order to carry out their role effectively.

Further afield, the SEC had a busy festive period, announcing charges and fines in relation to a number of firms and individuals. Shortly before Christmas the Regulator announced that Teva Pharmaceutical Industries Limited has agreed to pay more than \$519 million to settle parallel civil and criminal charges that it violated the Foreign Corrupt Practices Act by paying bribes to foreign government officials in Russia, Ukraine, and Mexico.

### Upper Tribunal refuses consumer credit interim permission application

In a judgment dated 15 December but publicised more recently, the Upper Tribunal has refused an application made by Steven Maoudis (trading as Montana Debt Management) for the suspension of the effect of a Decision Notice issued by the FCA in respect of his interim permission to carry on particular consumer credit activities, which would have enabled him to continue to trade. The FCA's Decision Notice was based on findings by it that Mr Maoudis did not meet certain threshold conditions in relation to those activities. Adopting the approach laid down in a number of cases on similar facts, the Tribunal, considering whether suspension of the effect of the Decision Notice would enable the interests of consumers to be protected, refused the application. The Tribunal was not concerned with assessing the merits of the substantive reference, although its judgment notes that Mr Maoudis has withdrawn the reference since the announcement of its decision in relation to his interim permission.

[http://taxandchancery\\_ut.decisions.tribunals.gov.uk/Documents/decisions/Maoudis%20v%20FCA%20-%20for%20website.pdf](http://taxandchancery_ut.decisions.tribunals.gov.uk/Documents/decisions/Maoudis%20v%20FCA%20-%20for%20website.pdf)

[%20for%20website.pdf](http://taxandchancery_ut.decisions.tribunals.gov.uk/Documents/decisions/Maoudis%20v%20FCA%20-%20for%20website.pdf)

### Final Notices

- The FCA has (on 3 January) released a Final Notice issued in respect of Mymoneyman Finance Limited refusing an application to carry on consumer credit related activities. The refusal was based upon failures to be open and cooperative.

<https://www.fca.org.uk/publication/final-notices/mymoneyman-finance-limited.pdf>

- The FCA has (on 4 January) released separate Final Notices issued in respect of Swiss Watch Trading Limited, Michael James Automotive Limited, Sterling Bathrooms Limited and Howard Coles, all imposing cancellations in respect of failures to be open and cooperative in relation to the carrying on of consumer credit activities.

<https://www.fca.org.uk/publication/final-notices/swiss-watch-trading-limited.pdf>

<https://www.fca.org.uk/publication/final-notices/michael-james-automotive-limited.pdf>

<https://www.fca.org.uk/publication/final-notice/sterling-bathrooms-limited.pdf>

<https://www.fca.org.uk/publication/final-notice/howard-coles.pdf>

### Former portfolio manager sentenced to 12 months for insider dealing

Following a prosecution brought by the FCA, Mark Lyttleton was (on 21 December) sentenced to 12 months' imprisonment following his conviction on two counts of insider dealing, contrary to section 52(1) of the Criminal Justice Act 1993. The sentence imposed was reduced from 18 months to reflect his guilty pleas. A confiscation order was also made in the sum of £149,861.27 and costs awarded to the FCA of £83,225.62.

### FCA announces "key themes" of feedback from the "Our Future Mission" survey

"Our Future Mission" was a consultation initiated by the FCA in October 2016 to start a discussion as to how the FCA could make the biggest difference in making markets work well. Although the survey is still live, the FCA has this week shared some of the initial key themes emanating from the responses it has received. So far the FCA has stated that the industry would like greater clarity on the rationale for its decisions and actions. It has also found that the respondents to the survey agree with the concept of protecting vulnerable customers, but remain unsure as to who qualifies and precisely how they should be protected. It has received mixed feedback from participants regarding the balance between rules and principles; some prefer the clarity of more prescriptive rules while others prefer broad-

brush principles. There does, however, appear to be a consensus that the FCA should adopt a more active role in sharing lessons and good practice.

<https://www.fca.org.uk/news/news-stories/our-future-mission-key-themes-your-feedback>

<https://www.fca.org.uk/news/press-releases/mark-lyttleton-sentenced-12-months-imprisonment-insider-dealing>

### Senior Bank of England figure stresses relevance of internal auditors

On 14 December 2016, Stephen Brown, Head of Internal Audit at the Bank of England, gave a speech entitled "Increasing the relevance of Internal Audit" to The Central Bank Governance Forum in Dubai.

In his speech, Mr. Brown highlighted that, while the Internal Audit functions in commercial banks had not been responsible for the financial crisis, they had an important role in protecting banks going forward. He pointed in particular to the fact that the Heads of Internal Audit at UK banks are now designated "Senior Managers", who must be approved by both financial regulators before taking up their position. Mr. Brown asked that the central banks represented in the audience "*consider demanding more*" of the internal auditors within their own financial services industries, encouraging them to bring Internal Audit to the front of the agenda. He concluded his speech by emphasising the need for Internal Audit to remain independent, while at the same time engaging with executive management.

<http://www.bankofengland.co.uk/publications/Pages/speeches/2016/952.aspx>

## FCA warnings

Name of firm	Date of warning	Details
Stockfield Associates Group	4 January 2017	Not authorised <a href="https://www.fca.org.uk/news/warnings/stockfield-associates-group">https://www.fca.org.uk/news/warnings/stockfield-associates-group</a>

Meridian Bond Limited	23 December 2016	Clone firm <a href="https://www.fca.org.uk/news/warnings/meridian-bond-limited-clone-uk-registered-company">https://www.fca.org.uk/news/warnings/meridian-bond-limited-clone-uk-registered-company</a>
Mulvey & Hanson LLP	22 December 2016	Not authorised <a href="https://www.fca.org.uk/news/warnings/mulvey-hanson-llp">https://www.fca.org.uk/news/warnings/mulvey-hanson-llp</a>
Rothschild Private Wealth	22 December 2016	Clone firm <a href="https://www.fca.org.uk/news/warnings/rothschild-private-wealth-clone">https://www.fca.org.uk/news/warnings/rothschild-private-wealth-clone</a>
Einstein Transfer Ltd	21 December 2016	Not authorised <a href="https://www.fca.org.uk/news/warnings/einstein-transfer-ltd">https://www.fca.org.uk/news/warnings/einstein-transfer-ltd</a>
Graceful Motors Limited	21 December 2016	Not authorised <a href="https://www.fca.org.uk/news/warnings/graceful-motors-limited">https://www.fca.org.uk/news/warnings/graceful-motors-limited</a>
Finance 2All	21 December 2016	Clone firm <a href="https://www.fca.org.uk/news/warnings/finance-2all-clone-firm">https://www.fca.org.uk/news/warnings/finance-2all-clone-firm</a>
Capital Bridging Finance No.1 Limited	21 December 2016	Clone firm <a href="https://www.fca.org.uk/news/warnings/capital-bridging-finance-no1-limited-clone-firm">https://www.fca.org.uk/news/warnings/capital-bridging-finance-no1-limited-clone-firm</a>
Campton Capital Partners	19 December 2016	Not authorised <a href="https://www.fca.org.uk/news/warnings/campton-capital-partners">https://www.fca.org.uk/news/warnings/campton-capital-partners</a>

## Further Afield

### US: SEC and DOJ conclude significant anti-bribery action

In the midst of a busy Christmas period, the U.S. Securities and Exchange Commission ("SEC") announced on 22 December that Teva Pharmaceutical Industries Limited ("Teva") had agreed to pay more than \$519 million to settle parallel civil and criminal charges that it violated the Foreign Corrupt Practices Act by paying bribes to foreign government officials in Russia, Ukraine, and Mexico. Teva

must pay more than \$236 million in disgorgement and interest to the SEC plus a \$283 million penalty in a deferred prosecution agreement with the U.S. Department of Justice. Teva must also retain an independent corporate monitor for at least three years.

<http://www.sec.gov/news/pressrelease/2016-277.html>

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