

THIS WEEK AT THE UK REGULATORS 17 SEPTEMBER 2018

Boiler room fraudster receives 11 year sentence

On 14 September, Mr Michael Nascimento was sentenced to 11 years' imprisonment for his part in a share fraud carried out through a series of boiler room companies. His five co-defendants were sentenced on 4 September for their parts in the scheme. Mr Nascimento also received an additional two year sentence in respect of a separate prosecution pursued by the Crown Prosecution Service following an investigation by City of London Police.

The scheme was carried out through cold calls and high pressure sales techniques aimed at persuading investors to purchase shares in a company that owned land on the island of Madeira. Confiscation proceedings are now underway to seek to recover the over £2.8 million invested by over 170 individuals.

<https://www.fca.org.uk/news/press-releases/michael-nascimento-sentenced-11-years-imprisonment-fca-prosecution-investment-fraud-operation-tidworth>

Former trader banned for benchmark related failings

Following his conviction earlier this year in respect of fraud offences relating to the manipulation of the EURIBOR benchmark rate, the FCA has announced that it has imposed a prohibition order on Mr Christian Bittar, a former trader. Mr Bittar pleaded guilty to offences in March 2018 and was sentenced to five years and four months' imprisonment on 20 July 2018. He was also ordered to pay £2.5 million under a confiscation order made following his conviction.

The FCA's enforcement proceedings, based upon its findings that Mr Bittar was knowingly concerned in breaches of Principle 5 (market conduct) of the Principles for Businesses, had been stayed pending the conclusion of the criminal proceedings against him. The FCA had been seeking the imposition of a financial penalty of £6.5 million and a prohibition order. Mr Bittar referred the matter to the Upper Tribunal in May 2017. In the light of the outcome of the criminal proceedings, it has now decided not to seek to impose a financial penalty. On 14 September, the Upper Tribunal issued an order giving effect to that decision and dismissing the reference. Now that the reference has been disposed of, the FCA may publish the Decision Notice. That notice, which sets out in detail the basis for the FCA's enforcement action against Mr Bittar, is annexed to the Final Notice now published.

<https://www.fca.org.uk/publication/final-notice/christian-bittar-2018.pdf>

https://assets.publishing.service.gov.uk/media/5b9bbbe0e5274a3f90114e0e/Bitter_Sept.pdf

Thirty second guide: The week in overview

The main enforcement developments last week were the imposition of one of the longest sentences ever secured by the FCA as a criminal prosecutor and the end of long running enforcement proceedings against a former trader in connection with benchmark rate manipulation. Following the second largest prosecution it has ever pursued, the FCA secured an 11 year prison sentence for an individual identified by it as the mastermind of a boiler room fraud. Following an agreement not to seek the imposition of a financial penalty (in view of the fact that the individual concerned has already been required to pay £2.5 million under a confiscation order), it imposed a prohibition order preventing the former trader from working in the financial services industry. The FCA also obtained an urgent High Court order appointing a provisional liquidator in respect of a debt relief firm.

Away from contentious developments, the FCA underlined the steps it is taking to prepare for various shades of Brexit, releasing guidance as to how market operators which currently rely on MiFID II passport rights may apply to it to become a recognised overseas investment exchange.

In policy developments, the PRA published a consultation paper on steps being taken to implement changes to European Banking Authority Implementing Technical Standards on supervisory reporting.

Provisional liquidator appointed for debt relief firm

The FCA has indicated that on 11 September it obtained an urgent High Court order appointing a provisional liquidator in respect of Total Debt Relief Limited, aimed at protecting customers' money. This follows action taken by the FCA last month to prevent the firm from carrying on business.

<https://www.fca.org.uk/news/news-stories/provisional-liquidator-appointed-respect-total-debt-relief-limited>

<https://www.fca.org.uk/publication/supervisory-notices/first-supervisory-notice-total-debt-relief-ltd.pdf>

FCA prepared for post-Brexit market access for EEA market operators

On 14 September, the FCA published a direction clarifying how an EEA market operator may make an application to become a recognised overseas investment exchange. This step, part of the preparations being made by the FCA for a range of outcomes from the Brexit negotiations, is aimed at preserving continuity of access to UK markets for EEA market operators who currently rely on MiFID II passport rights.

<https://www.fca.org.uk/news/statements/our-approach-overseas-market-operators-seeking-apply-become-recognised-overseas-investment-exchange>

FCA warnings

Name of firm	Date of warning	Details
AGA Advisors / Arnold Gert Anton	10 September 2018	Clone firm https://www.fca.org.uk/news/warnings/aga-advisors-arnold-gert-anton-clone-authorized-firm
UK Financial Services Limited	10 September 2018	Clone firm https://www.fca.org.uk/news/warnings/uk-financial-services-ltd-clone
Finbdo Limited t/a Capital Banks	10 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/finbdo-limited-t-capital-banks
Taylor, Hodgson & Associates	10 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/taylor-hodgson-and-associates
Mace, Parry & Associates	10 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/mace-parry-and-associates
Cap Governance LLP	10 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/cap-governance-llp

Name of firm	Date of warning	Details
Anaru and Partners	10 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/anaru-and-partners
Kauri Ventures	10 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/kauri-ventures
SP Financial Management Limited t/a Ubanka	11 September 2018	Clone firm https://www.fca.org.uk/news/warnings/sp-financial-management-limited-ta-ubanka-clone-authorized-firm
Ruppel Alexander	11 September 2018	Clone firm https://www.fca.org.uk/news/warnings/ruppel-alexander-clone-fca-authorized-firm
Manaia and Partners	11 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/manaia-and-partners
Bestinvest	11 September 2018	Clone firm https://www.fca.org.uk/news/warnings/bestinvest-clone
InstaFX24	11 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/instafx24
Bradshaw Asset Management	12 September 2018	Clone firm https://www.fca.org.uk/news/warnings/bradshaw-asset-management-clone-fca-authorized-firm
Anahera and Partners	12 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/anahera-and-partners
Multibank Group	12 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/multibank-group
Index Limited t/a 4Xpremium	12 September 2018	Clone firm https://www.fca.org.uk/news/warnings/index-limited-ta-4xpremium-clone-fca-authorized-firm
UK Insurance	13 September 2018	Clone firm https://www.fca.org.uk/news/warnings/uk-insurance-clone-fca-authorized-firm
Capital NCL	13 September 2018	Clone firm https://www.fca.org.uk/news/warnings/capital-ncl-clone-fca-authorized-firm

Name of firm	Date of warning	Details
LDC Crypto	13 September 2018	Clone firm https://www.fca.org.uk/news/warnings/ldc-crypto-clone-fca-authorized-firm
Maplewalk t/a Prime Crypto	13 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/maplewalk-ta-prime-crypto
Kainz Werner Anton	14 September 2018	Clone firm https://www.fca.org.uk/news/warnings/kainz-werner-anton-clone-fca-authorized-firm
Apollo Management	14 September 2018	Clone firm https://www.fca.org.uk/news/warnings/apollo-management-clone-fca-authorized-firm
Cooper Consultancy Ltd	14 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/cooper-consultancy-ltd
Redcap Management	14 September 2018	Unauthorised firm https://www.fca.org.uk/news/warnings/redcap-management

Policy developments

	FCA	PRA
	Proposed developments	
Consultation papers		<p>On 12 September, the PRA published a consultation paper (CP 19-18) setting out proposals to update certain reporting requirements to reflect relevant proposals made by the European Banking Authority in its open consultations on changes to the Implementing Technical Standards on Supervisory Reporting</p> <p>Deadline for responses: 12 December 2018</p> <p>https://www.bankofengland.co.uk/prudential-regulation/publication/2018/regulatory-reporting-eba-taxonomy-29</p>

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