

To: **Seymour Pierce Ellis Limited**  
Of: **Talisman House, Jubilee Walk, Three Bridges, Crawley, Sussex**  
Date: 18 June 2002

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## **FINAL NOTICE**

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**TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS ("FSA") gives you final notice about a requirement to pay a financial penalty.**

### **THE PENALTY**

The proceedings under which a Notice of Institution of Disciplinary Proceedings was issued by the Enforcement Committee of the Securities and Futures Authority ('SFA') on 14 August 2001 were incomplete disciplinary proceedings at 1 December 2001 and were referred by FSA under article 58(1) of The Financial Services and Markets Act 2000 (Transitional Provisions) (Partly Completed Procedures) Order 2001 ('the PCP Order') to the interim tribunal. In accordance with the directions given by the interim tribunal, the FSA imposes a financial penalty on you in the amount of £75,000 ("the Penalty"). The penalty is imposed under Section 206 of the Financial Services and Markets Act 2001.

### **REASONS FOR THE PENALTY**

1. At the material time, namely June 1998 to December 1998, Ellis and Partners Limited ("EPL") provided stockbroking services to dealing customers and corporate finance services to small UK companies. EPL is now re-named Seymour Pierce Ellis Limited ("SPE") and is a wholly owned subsidiary of Seymour Pierce Group plc, formerly Talisman House plc.
2. Throughout the material time, John Clive Mattock was a director of EPL and undertook Corporate Broking. He was also described from time to time as Head of Corporate Finance. Mr Mattock assisted small companies to raise finance and he also dealt for a number of small institutions and private customers. Throughout the material time, Richard Feigen was the Compliance Officer and the director responsible for corporate finance.

3. Throughout the material time, EPL's arrangements for carrying out corporate finance business included, inter alia, the following characteristics:
  - Mr Mattock was the initial point of contact for some of EPL's corporate clients;
  - Mr Mattock advised on the terms of the offer and particularly on the price at which securities would be attractive to investors;
  - Mr Feigen was then responsible for taking forward the transaction and dealing with the documentation;
  - the success of some corporate finance transactions was dependent upon a substantial percentage of the shares issued in those transactions being placed with Mr Mattock's dealing customers;
  - Mr Mattock himself participated in some issues of securities by EPL's corporate customers through his personal dealing accounts. On occasions, Mr Mattock matched orders for his own account with orders for the accounts of his customers. Although these orders were put through the market, SFA considered that such dealings were not in compliance with the terms of his Personal Account Notice and EPL's Deskbook.
4. SPE accepts that as a result of the matters set out above, potential conflicts arose from the fact that Mr Mattock undertook corporate finance activities while at the same time as he was dealing in the securities of EPL's corporate clients on behalf of himself and his private customers. SPE also accepts that EPL failed adequately to manage situations creating such potential conflicts of interest.
5. In addition to the above, SPE admits that during the material time it failed to put in place proper procedures with the result that:
  - Mr Mattock failed to disclose material interests held by him in six corporate customers of EPL in breach of Sections 198-201 of the Companies Act 1985. Mr Mattock also failed to disclose material interests held by his dealing customers in Talisman House plc
  - Mr Mattock failed to keep adequate records of transactions executed on behalf of his dealing customers
  - Mr Mattock failed to ensure that some shares bought for the portfolio of one of his dealing customers were suitable in the light of her declared investment objectives in breach of SFA Rule 5-31(1).
6. SPE accepts that by virtue of the facts and matters set out above, it has been in breach of Principle 2 ("skill, care and diligence") and Principle 9 ("internal organisation") of the FSA's Statements of Principle in force at the material time.
7. The FSA has taken into account that as a consequence of acquisitions by Seymour Pierce Group plc in December 1998 and a Direction issued by SFA in June 1999, EPL divested itself of all corporate finance mandates and implemented compliance procedures and monitoring arrangements to ensure compliance with SFA Rule 5-51 ("personal and other dealings") and to ensure fair treatment to all customers as a result

of dealings by the firm in respect of securities for which the firm acted as corporate or nominated broker.

8. Save as set out in paragraph 5 above, the FSA does not allege that any corporate client or dealing customer of EPL has been disadvantaged.

### **MANNER OF PAYMENT**

The Penalty must be paid to the FSA in full.

### **TIME FOR PAYMENT**

The Penalty must be paid to the FSA no later than 5 July 2002, being not less than 14 days beginning with the date on which this notice is given to you.

### **IF PENALTY NOT PAID**

If all or any of the Penalty is outstanding on 5 July 2002, the FSA may recover the outstanding amount as a debt owed by you and due to the FSA.

### **YOUR RIGHTS**

This notice is sent to you in accordance with article 61(7) of the PCP Order.

### **PUBLICATION**

Section 391(4) of the Act applies to the publication of information about the matter to which this notice relates. Under this provision, the FSA must publish such information about the matter to which this notice relates as the FSA considers appropriate.

The FSA intends to publish this Final Notice.

For more information concerning this matter generally, please contact Jeremy La Niece at the FSA (direct line: 020 7676 1346 /fax: 020 7676 1347).

Signed:

Date:

Enforcement Division