

## SUMMARY OF CONTENTS OF FINAL NOTICE

**Date of Issue: 8 April 2004**

### **Target Asset Management Limited (TAML)**

The FSA has refused an application for Part IV Permission from TAML because it does not satisfy Threshold Condition 5 (suitability), in particular with regard to its connection with Senger Shefket. Further, the FSA considers that there is a high risk that its regulatory objectives of the protection of consumers and the reduction of financial crime would be adversely affected if the application were to be granted.

TAML, which was 100% owned by Mr Shefket, initially applied for him to be approved to perform the controlled functions of director, chief executive, apportionment and oversight and money laundering reporting. It subsequently withdrew its application for him to perform controlled functions and reduced his shareholding to 49%.

Mr Shefket is currently the subject of a United States criminal fugitive arrest warrant which was issued in South Carolina on 7 March 2003. He is wanted in connection with United States federal charges arising out of an alleged high yield investment fraud. The warrant was issued following a Federal Bureau of Investigation investigation and is based on charges alleging that Mr Shefket was directly involved in a fraudulent scheme. The charges are supported by direct evidence from an FBI Special Agent.

As a separate matter, another of Mr Shefket's companies, Target International Funds Limited (TIFL) was named as a co-defendant in a civil case in San Diego in the United States between 2001 and 2003. The San Diego U.S. Attorney's Office is conducting a parallel criminal investigation. It is alleged that TIFL received funds fraudulently obtained from investors by a third party and companies controlled by that third party. US\$2 million were allegedly transferred to bank accounts maintained by TIFL. The San Diego U.S. Attorney's Office is still investigating TIFL's connection with the third party and companies controlled by the third party.

The FSA considers that the investigations into Mr Shefket and TIFL, which were conducted by reputable United States law enforcement agencies, raise serious concerns which appear to go directly to the issue of Mr Shefket's honesty, integrity and reputation.

The outstanding investigations by the FBI and San Diego District Attorney's Office into Mr Shefket and TIFL were not disclosed in TAML's application to the FSA, which was made on 27 May 2003. The South Carolina arrest warrant was issued on 7 March 2003, and came to the FSA's attention shortly after that date as details about it had been posted on the internet. TAML took no steps to bring this matter to the FSA's attention. Further, the FSA had asked TAML to provide copies of TIFL's audited accounts for the past three years. These were not provided.

In light of these matters the FSA considers that Mr Shefket and TAML were not candid and truthful in their dealings with the FSA and failed to demonstrate a readiness and willingness to comply with the standards and requirements of the regulatory system.

The FSA has taken into account representations from TAML, but does not consider that they allay its concerns over TAML's suitability. The FSA is not satisfied that Mr Shefket is a fit and proper person to have any influence or control over, or any role at, or any connection with TAML.

TAML did not refer the matter to the independent Financial Services and Markets Tribunal.