
FIRST SUPERVISORY NOTICE

To: **John Adebayo Adepoju (trading as Landmark Finance)**

Of: **Meridian Business Centre
258 Kingsland Road
London
E8 4DG**

Date: **26 April 2007**

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (“the FSA”) has taken the following action:

1. ACTION

1.1. For the reasons listed below and pursuant to section 45 of the Financial Services and Markets Act 2000 (“the Act”), the FSA has decided to vary the permission granted to you, John Adebayo Adepoju, trading as Landmark Finance (“Landmark”), pursuant to Part IV of the Act (“your Permission”) by removing all regulated activities with immediate effect. Accordingly, your Permission no longer includes the following regulated activities:

- (1) agreeing to carry on a regulated activity;
- (2) advising on regulated mortgage contracts;
- (3) arranging (bringing about) regulated mortgage contracts; and
- (4) making arrangements with a view to regulated mortgage contracts.

2. REASONS FOR ACTION

Summary

- 2.1. The FSA has concluded, on the basis of the facts and matters described below, that you are failing, and will continue to fail, to satisfy the threshold conditions set out in Schedule 6 to the Act (the “Threshold Conditions”) in that the FSA is not satisfied that you are a fit and proper person having regard to all the circumstances.
- 2.2. In the opinion of the FSA, you have failed, and are likely to continue to fail, to conduct your business with integrity and in compliance with proper standards (Threshold Condition 5 - Suitability). Further, your conduct has not met the requirements of the FSA’s Principles for Businesses. Specifically, you have failed to comply with Principle 1, which provides that a firm must conduct its business with integrity, and Principle 11 which provides that a firm must deal with its regulators in an open and co-operative way.
- 2.3. Specifically, while trading as Landmark, you submitted false financial statements to a mortgage lender in support of a mortgage application for one of your customers (Customer A). The accounts were prepared by an accountancy business called John Rich & Co, of which you are a senior accountant. Customer A has confirmed to the FSA in a witness statement that the mortgage application was fraudulent, and that you were knowingly involved in the transaction.
- 2.4. Furthermore, in the period since 31 October 2004, you submitted to mortgage lenders at least one false financial statement prepared by John Rich & Co in support of another Landmark customer’s application for a mortgage.
- 2.5. You have also failed repeatedly to co-operate with the FSA’s investigation, by failing to comply fully with requests for information and documents and by failing to attend an interview to answer questions.
- 2.6. The conduct summarised above raises serious concerns about your integrity and your ability to conduct your business in compliance with proper standards.
- 2.7. The FSA also considers, on the basis of those facts and matters, that it is necessary, in support of the FSA’s financial crime and market confidence objective, for the action specified above to take immediate effect.

3. RELEVANT STATUTORY PROVISIONS

- 3.1. The FSA’s regulatory objectives, established in section 2(2) of the Act, include market confidence and the reduction of financial crime.
- 3.2. By section 45 of the Act, the FSA is authorised:
 - to vary an authorised person’s permission, where it appears to the FSA that such person is failing to satisfy the Threshold Conditions; and
 - to vary such permission by removing a regulated activity from those for which the

permission is given.

- 3.3. Section 53(3) of the Act allows such a variation to take effect immediately if the FSA reasonably considers that it is necessary for the variation to take effect immediately.

Relevant Guidance

- 3.4. In exercising its power to vary a Part IV permission, the FSA must have regard to guidance published in the FSA Handbook. The main considerations in relation to the action specified above are set out below.

ENF 3.5 - The FSA's policy for exercising its own-initiative power to vary a Part IV permission

- 3.5. Paragraph 3.5.2 requires the FSA to have regard to its regulatory objectives and the range of regulatory tools that are available to it.
- 3.6. Paragraph 3.5.3 provides that the FSA will take formal action affecting the conduct of a firm's commercial business only if that business is being conducted in such a way that the FSA judges it necessary to act in order to address the consequences of non-compliance with the Act and the Principles for Businesses.
- 3.7. Paragraph 3.5.8 provides that the circumstances in which the FSA will consider exercising its power include where the FSA has serious concerns about a firm, or about the way its business is being or has been conducted. Examples of these circumstances are where the firm appears to be failing, or appears likely to fail, to satisfy the Threshold Conditions relating to one or more, or all, of its regulated activities because, for instance the firm appears not to be a fit and proper person to carry out a regulated activity because:
- (1) it has not conducted its business in compliance with high standards which may include putting itself at risk of being used for the purposes of financial crime or being involved in such crime (ENF 3.5.8(1)(b)(i));
 - (2) it has breached requirements imposed on it by or under the Act (including Principles and rules) and the breaches are material in number or individual seriousness (ENF 3.5.8(1)(b)(iii)).
- 3.8. Paragraph 3.5.13 includes, among the factors which will determine, whether the urgent exercise of the FSA's own-initiative power is an appropriate response to serious concerns, the extent of any loss or risk of loss or other adverse effect on consumers, the risk that the firm's business may be used or has been used to facilitate financial crime, including money laundering.

Guidance concerning the relevant threshold condition

COND 2.5 - Threshold Condition 5: Suitability (paragraph 5, Schedule 6 to the Act)

- 3.9. Paragraph 2.5.1 reproduces the relevant statutory provision that the person concerned must satisfy the FSA that he is a fit and proper person having regard to all the circumstances, including, among other things, the need to ensure that his affairs are

conducted soundly and prudently.

- 3.10. Paragraph 2.5.4(2)(a) requires the FSA, when forming its opinion as to whether an authorised person is conducting its affairs soundly and prudently, to have regard to relevant matters, including whether it conducts its business with integrity and in compliance with proper standards.
- 3.11. Paragraph 2.5.4(3) requires the FSA only to take into account relevant matters which are significant in the context of the suitability of the firm.
- 3.12. Paragraph 2.5.6 permits the FSA, when forming its opinion as to whether an authorised person is conducting its business with integrity and in compliance with proper standards, to have regard to relevant matters, including whether:
 - the firm has been open and co-operative in all its dealings with the FSA and is ready and willing to comply with the requirements and standards under the regulatory system (COND 2.5.6(1));
 - whether the firm has contravened any provisions of the Act or the regulatory system (COND2.5.6(4));
 - the firm has contravened, among other things, the requirements of the regulatory system, which includes the threshold conditions and the FSA Principles and other rules (COND2.5.6(6)).

Relevant Principles

- 3.13. Principle 1 of the FSA's Principles for Businesses requires that a firm must conduct its business with integrity.
- 3.14. Principle 11 requires that a firm must deal with its regulators in an open and co-operative way, and must disclose to the FSA anything relating to the firm of which the FSA would reasonably expect notice.

4. FACTS AND MATTERS RELIED ON

Background

- 4.1. You, trading under the name of Landmark, are an authorised person and a sole trader. You operate as a mortgage broker based in the Meridian Business Centre, 258 Kingsland Road, London E8 4DG.
- 4.2. Landmark became authorised on 1 April 2005 to carry on the following regulated activities in relation to regulated mortgage contracts:
 - (1) agreeing to carry on a regulated activity;
 - (2) advising on regulated mortgage contracts;
 - (3) arranging (bringing about) regulated mortgage contracts; and
 - (4) making arrangements with a view to regulated mortgage contracts.

- 4.3. You also operate as an accountant through the business, John Rich & Co, an accounting practice also based at the Meridian Business Centre, 258 Kingsland Road, London E8 4DG. As at 12 March 2007, the Association of Chartered Certified Accountants' ("ACCA") Directory of Members showed that you were a senior accountant at John Rich & Co.

Background to the investigation

- 4.4. The FSA received information from three separate lenders (the "Lenders") highlighting their concerns in relation to a number of mortgage cases submitted to them by you. Specifically, the Lenders identified discrepancies in relation to a total of 25 mortgage cases submitted by you which suggested that you had provided false income information to mortgage lenders in support of your clients' applications for mortgages. The information also indicated that an accountancy firm called John Rich & Co, of which you are a senior accountant, had been used to produce fraudulent financial statements in support of Landmark customers' applications.
- 4.5. The Lenders have notified the FSA that they have removed Landmark from their panels of lenders.

Submission of mortgage applications containing false information

- 4.6. The FSA reviewed a sample of Landmark's client files. It found that one customer, Customer A, a first time buyer, applied for and obtained a mortgage of just over £150,000 through Landmark to purchase a property (the "Property") in July 2006.
- 4.7. Customer A's application for mortgage finance was supported by three years of financial statements (for 2003, 2004 and 2005) prepared by John Rich & Co. These accounts are certified as true copies of the originals by you, on behalf of Landmark, and by "John" on behalf of John Rich & Co. The financial statements record Customer A as having net profits of £39,000 in 2003, rising to £48,000 in 2005. Customer A's occupation is stated in the financial statements as being a computer analyst.
- 4.8. When interviewed by the FSA, Customer A made the following statements:
- (1) She is currently employed. Prior to this, and at the time that the mortgage application was submitted in her name, she was employed as a counter assistant at a pharmacy earning approx £10,000 per annum.
 - (2) She was approached by a friend she identified as Mr Y, who owned the Property, who asked that he "sell" the Property to her in order that he could release some equity from the Property.
 - (3) Mr Y arranged for her to meet "John", the mortgage broker, who arranged everything. She only met "John" once and it was during that one meeting that she found out that "John" was from Landmark.
 - (4) The accounts prepared by John Rich & Co appearing on her mortgage application, which show an annual net income of approximately

£50,000 and the occupation of computer analyst, are false.

- (5) The mortgage repayments were still being serviced by her friend Mr Y who deposits money into her bank account from which mortgage payments are made.

Failure to co-operate with the FSA

4.9. As described below, you have in our view failed repeatedly to co-operate with the investigation.

- (1) On 6 October 2006, the FSA sent a letter by fax and post to you asking you to provide a copy of your business register and certain client files by 10am on Friday 13 October 2006.
- (2) On or about 13 October 2006, you left a telephone message advising that you would not be able to meet this deadline. You left a contact phone number that was incorrect.
- (3) On 16 October 2006, the FSA telephoned you about the outstanding information and document request. You said, by way of an explanation, that your son was in hospital, and that you would send the information and documents to the FSA by 20 October 2006. No documents were received by the FSA by this date.
- (4) The FSA wrote to you on 23 October 2006, asking for the copy files immediately. We received a letter dated 24 October 2006 from Landmark saying that you had been on compassionate leave for “2 weeks due to some family circumstances” and which confirmed that you would be back in the office on 30 October 2006.
- (5) You sent a letter dated 2 November 2006 to the FSA saying that you were grieving for your son (who you had said, in previous correspondence, was sick), that you had nothing to hide and that the documents were being posted as soon as possible.
- (6) On 6 November 2006, you sent a letter referring to the submission to the FSA of 28 files and saying that an additional 13 files were being sent in a separate box.
- (7) The FSA wrote to you on 13 November 2006 saying that although your letter referred to 28 files, only 24 files were contained in the box. The FSA received no reply and wrote to you again on 24 November 2006 asking for the outstanding files and the copy business register to be provided by 1 December 2006.
- (8) You wrote to the FSA on 29 November 2006 saying that the additional 13 files were sent to the FSA on 22 November 2006. In the letter you asked the FSA to confirm whether it had received them, and that otherwise you would have to

check delivery with the Post Office.

- (9) The FSA wrote to you on 30 November 2006 confirming that it had not received the additional files and asking for information about the dispatch of the files via the Post Office. No reply was received from you.
- (10) On 27 February 2007, the FSA telephoned you on the number last notified to the FSA and found that the number was “vacant”. Two other contact numbers for you, a mobile number and your home number, also appeared not to be working. The FSA made successful contact with you by telephoning a listed number for John Rich & Co and asking to speak to you. The FSA left a message for you to contact the FSA.
- (11) You returned the call on 27 February 2007 and said that two and a half weeks previously you had managed to obtain from the Post Office the missing files (which you explained had been misposted by the Post Office) and that the FSA would receive them by 2 March 2007. By way of explanation for not contacting the FSA and for not sending the missing files, you said that your son was sick. No files were received by the FSA.
- (12) Also on 27 February 2007, the FSA wrote to you compelling you to attend a taped interview on 13 March 2007. On 12 March 2007, your office faxed a letter to the FSA saying that you were off sick, and asking to reschedule the interview.
- (13) On 12 March 2007, the FSA wrote to you requiring you to attend a taped interview on 29 March 2007. You did not respond to that letter.
- (14) On 28 March 2007, the FSA telephoned you at Landmark’s office to confirm the time of the interview on 29 March 2007 and was told that you had “just stepped out”. The FSA left a message asking you to arrive at the FSA’s office at 11.00am on 29 March 2007.
- (15) At 11.15 am on 29 March 2007, the FSA received a call from your solicitor seeking to reschedule the interview scheduled to take place on 29 March 2007. During that call the FSA explained that this was the second occasion on which you had failed to attend a compelled interview and also referred to your failure to comply with the FSA’s various information and documentation requests (including failing to provide the missing files). The FSA requested a written explanation for your non attendance at the interview. Neither an explanation nor the missing files were received by the FSA.
- (16) The FSA received a letter dated 30 March 2007 from your solicitor in which your solicitor sought to reschedule the interview. The FSA telephoned your solicitor on that day and left a message offering an interview either on 11 April 2007 or on 13 April 2007. It was subsequently agreed that you would attend an interview at 10.00 am on 11 April 2007.
- (17) You did not attend the interview on 11 April 2007. At 9.55 am on 11 April 2007, your solicitor telephoned the FSA and said that he had unsuccessfully tried to send the FSA a fax on 10 April 2007 attaching a medical certificate.

The FSA subsequently received the medical certificate regarding a whiplash injury you sustained on 4 April 2007 signing you off from work until 19 April 2007.

5. CONCLUSIONS

5.1. The facts and matters described above lead the FSA, having regard to its regulatory objectives, which include the protection of consumers and market confidence, to the following conclusions.

- (1) While trading as Landmark, you submitted false financial statements to a mortgage lender in support of a mortgage application for one of your customers (Customer A). The accounts were prepared by an accountancy business called John Rich & Co, of which you are a senior accountant.
- (2) Through Landmark you submitted to lenders false financial statements, prepared by John Rich & Co, in support of another Landmark customer's application for a mortgage.
- (3) By providing false income information to a mortgage lender in support of Customer A's mortgage application, you have failed to conduct your business with integrity and in compliance with proper standards and have contravened Principle 1 of the FSA's Principles for Business. This directly impugns your integrity and demonstrates that you are not a fit and proper person to be authorised to conduct regulated activities and that you have breached Principle 1.

5.2. These matters are material in relation to your permitted regulated activities and you therefore fail to satisfy Threshold Condition 5 (Suitability).

5.3. In support of the FSA's financial crime and market confidence objectives, the exercise of the FSA's own-initiative power to vary your permission with immediate effect is an appropriate response to these concerns.

6. DECISION MAKER

6.1 The decision which gave rise to the obligation to give this First Supervisory Notice was made by the Regulatory Decisions Committee.

7. IMPORTANT

7.1. This First Supervisory Notice is given to you in accordance with section 53(4) of the Act. The following statutory rights are important.

The Tribunal

7.2. You may refer this matter to the Financial Services and Markets Tribunal ("the Tribunal"). Under section 133 of the Act, you have 28 days from the date you were sent this Supervisory Notice to refer the matter to the Tribunal or such other period as specified in the Tribunal Rules or as the Tribunal may allow. A reference to the Tribunal is made by way of a written notice signed by you and filed with a copy of this Notice. The Tribunal's address is: 15-19 Bedford Avenue, London WC1B 3AS

(telephone 020 7612 9700). The detailed procedures for making a reference to the Tribunal are contained in section 133 of the Act and the Tribunal Rules.

- 7.3. You should note that the Tribunal Rules provide that at the same time as filing a reference notice with the Tribunal, you must send a copy of the notice to the FSA. Any copy notice should be sent to Chris Walmsley at the FSA, 9th Floor, 25 The North Colonnade, Canary Wharf, London E14 5HS.

Representations

- 7.4. You have the right to make written and oral representations to the FSA (whether or not you refer this matter to the Tribunal). If you wish to make written representations you must do so by 30 May 2007 or such later date as may be permitted by the FSA. Written representations should be made to the Regulatory Decisions Committee and sent to Vikram Singh, Regulatory Decisions Committee Professional Support Services. The Regulatory Decisions Committee Professional Support Services' address is: 25 The North Colonnade, Canary Wharf, London E14 5HS. If you wish to make oral representations, you should inform Vikram Singh not less than 5 business days before 30 May 2007.

Access to evidence

- 7.5. Section 394 of the Act does not apply to this Supervisory Notice.

Confidentiality and publicity

- 7.6. You should note that this Supervisory Notice may contain confidential information and should not be disclosed to a third party (except for the purpose of obtaining advice on its contents). You should also note that section 391 of the Act requires the FSA when the Supervisory Notice takes effect, to publish such information about the matter as it considers appropriate.

FSA contacts

- 7.7. If you have any questions regarding the procedures of the Regulatory Decisions Committee, you should contact either Vikram Singh (direct line: 020 7066 3198/fax: 020 7066 3199), or Claire Strong, Regulatory Decisions Committee Professional Support Services (direct line: 020 7066 3028/fax: 020 7066 9831).
- 7.8. For more information concerning this matter generally, you should contact Chris Walmsley at the FSA (direct line: 020 7066 5894) of the FSA.

Tim Herrington
Chairman, Regulatory Decisions Committee