
FINAL NOTICE

To: 4Front Car Sales Limited

**Of: 728 Sidcup Road
London
SE9 3AL**

FSA reference number: 300641

Dated: 11 April 2011

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (the “FSA”) gives 4Front Car Sales Limited (“4Front”) final notice about a decision to cancel the permission granted to 4Front to carry on regulated activities

1. ACTION

- 1.1. The FSA gave 4Front a Decision Notice on 9 March 2011 (the “Decision Notice”) which notified 4Front that for the reasons given below and pursuant to section 45 of the Financial Services and Markets Act 2000 (the “Act”), the FSA had decided to cancel the permission granted to 4Front pursuant to Part IV of the Act (“4Front’s Part IV permission”).
- 1.2. 4Front was informed of its statutory right to make a reference to the Upper Tribunal (Tax and Chancery Chamber) (the “Tribunal”), but it has not referred the Decision Notice to the Tribunal within 28 days of the date on which the Decision Notice was given to 4Front.
- 1.3. Accordingly, the FSA has today cancelled 4Front’s Part IV permission.

2. REASONS FOR ACTION

- 2.1. On the basis of the facts and matters and conclusions described in its Warning Notice dated 25 January 2011 (the “Warning Notice”) (an extract from which is attached to and forms part of this Final Notice), and in the Decision Notice, the FSA has concluded that 4Front is failing to satisfy the Threshold

Conditions set out in Schedule 6 to the Act (the “Threshold Conditions”).

- 2.2. This is because, in the opinion of the FSA, 4Front’s resources are not adequate in relation to the regulated activities it has had permission to carry on, and 4Front is therefore failing to satisfy Threshold Condition 4 (Adequate resources). On the same basis, 4Front is also considered to be in breach of Principle 4 (Financial prudence) of the FSA’s Principles for Businesses (the “Principles”).

3. DECISION MAKER

- 3.1. The decision which gave rise to the obligation to give this Final Notice was taken by the Regulatory Decisions Committee.

4. IMPORTANT

- 4.1. This Final Notice is given to 4Front in accordance with section 390(1) of the Act.

Publicity

- 4.2. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Final Notice relates. Under those provisions, the FSA must publish such information about the matter to which this Final Notice relates as the FSA considers appropriate. The information may be published in such manner as the FSA considers appropriate. However, the FSA may not publish information if such publication would, in the opinion of the FSA, be unfair to 4Front or prejudicial to the interests of consumers.
- 4.3. The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

FSA contact

- 4.4. For more information concerning this matter generally, 4Front should contact Pauline Cheng (direct line: 020 7066 5228/fax: 020 7066 5229), Enforcement and Financial Crime Division at the FSA.

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John Kirby
FSA Enforcement and Financial Crime Division

**EXTRACT FROM THE WARNING NOTICE DATED 25 JANUARY 2011
ISSUED TO 4FRONT CAR SALES LIMITED**

“2. REASONS FOR PROPOSED ACTION

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Facts and matters relied on

- 2.19. 4Front is a limited company, authorised by the FSA to carry on insurance mediation business on 14 January 2005.
- 2.20. 4Front is permitted to handle client money in relation to insurance mediation business only and is therefore subject to a requirement in MIPRU 4.2.2R that it must maintain capital resources of at least £10,000 at all times
- 2.21. Also, as 4Front holds client money in a non-statutory trust, it is subject to a requirement in CASS 5.4.4R(4) that it does not handle client money in this way unless it maintains capital resources of at least £50,000 at all times.
- 2.22. The financial information provided by 4Front in its Retail Mediation Activities Return for the period ended 1 May 2010 reported negative capital resources of £140,981, £190,981 below the required £50,000 level of capital resources.
- 2.23. 4Front has been given a reasonable opportunity by the FSA to rectify its capital resources position, but has failed to do so.

Conclusions

- 2.24. The facts and matters described above lead the FSA, having regard to its regulatory objectives, to the following conclusions:
- 4Front is failing to meet the requirement set out in MIPRU 4.2.2R and MIPRU 4.2.11R(2), that it must, at all times, maintain capital resources equal to or in excess of its relevant capital resources requirement of £10,000;
 - 4Front is failing to meet the condition in CASS 5.4.4R(4) that it may not hold client money in a non-statutory trust unless it maintains at all times capital resources of not less than £50,000;
 - by virtue of failing to main adequate financial resources, 4Front is also in breach of Principle 4 (Financial prudence); and
 - that failing is significant and material in relation to the regulated activities for which 4Front has permission and 4Front is therefore failing

to satisfy Threshold Condition 4 (Adequate resources).”

END OF EXTRACT