
FINAL NOTICE

To: **Graham Patrick Lockstone**

Address: **29 Wrington Lane
Congresbury
Bristol
BS49 5QB**

**Individual
Reference
Number:** **GXL00044**

Dated: **15 December 2017**

ACTION

1. For the reasons set out in this Final Notice, the Authority hereby takes the following action against Mr Lockstone.
2. The Authority gave Mr Lockstone the Decision Notice, which notified Mr Lockstone that, for the reasons given below and pursuant to section 56 of the Act, the Authority had decided to make an order prohibiting him from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm.
3. Mr Lockstone has not referred the matter to the Tribunal within 28 days of the date on which the Decision Notice was given to him.

4. Accordingly, for the reasons set out below, the Authority hereby makes an order pursuant to section 56 of the Act prohibiting Mr Lockstone from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm. The Prohibition Order takes effect from 15 December 2017.

DEFINITIONS

5. The definitions below are used in this Final Notice (and in the Annex):

"the Act" means the Financial Services and Markets Act 2000;

"the Authority" means the Financial Conduct Authority;

"the Decision Notice" means the Decision Notice given to Mr Lockstone dated 7 November 2017;

"DEPP" means the Authority's Decision Procedure and Penalties manual;

"EG" means the Authority's Enforcement Guide;

"EMSL" means Express Mortgage Solutions Limited;

"FIT" means the Fit and Proper Test for Approved Persons and specified significant-harm functions sourcebook;

"the Handbook" means the Authority's Handbook of rules and guidance;

"Mr Lockstone" means Graham Patrick Lockstone;

"the Prohibition Order" means the order prohibiting Mr Lockstone, pursuant to section 56 of the Act, from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm;

"the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber); and

"the Warning Notice" means the warning notice given to Mr Lockstone dated 18 October 2017.

RELEVANT STATUTORY PROVISIONS

6. The statutory and regulatory provisions relevant to this Final Notice are set out in the Annex.

SUMMARY OF REASONS

7. The Authority has concluded, on the basis of the facts and matters and conclusions described in the Warning Notice, and in the Decision Notice, that Mr Lockstone is not a fit and proper person to perform any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm, as his conduct demonstrated a serious lack of honesty and integrity, and that he poses a significant risk to customers. Specifically, on 13 April 2016, Mr Lockstone was convicted of:
 - (a) one count of conspiracy to dishonestly make false representation to make gain for self/another or cause loss/expose other to risk, namely for conspiring with others

to commit fraud relating to applications for a bridging loan and/or mortgage in respect of a property, by dishonestly making false representations as to employment and income relating to a third party, and as to the rental value of the property, and by falsely representing that a third party firm had made a mortgage offer on the premises; and

(b) one count of making/supplying articles for use in fraud, namely for making documents purporting to have been created by third party firms relating to Mortgage Premises and Agreements in Principle, knowing that they were designed for use in the course of in connection with fraud.

8. On 21 April 2016, Mr Lockstone was sentenced to 42 months' imprisonment (to be served concurrently) for the offences summarised at paragraph 7 above.
9. On 9 May 2017, Mr Lockstone's sentence was reduced on appeal to 33 months' imprisonment for those offences, and he was released on 26 May 2017 from HMP Leyhill.

FACTS AND MATTERS RELIED ON

10. Mr Lockstone was approved by the Authority to perform the CF1 (Director) controlled function in relation to EMSL between 31 October 2004 and 3 March 2017. Mr Lockstone was also allocated responsibility for Insurance Mediation at EMSL during the same period.
11. Mr Lockstone is not currently approved to perform any controlled functions in relation to any firm authorised by the Authority, and he has not been approved to perform any controlled function since 3 March 2017.
12. On 13 April 2016, Mr Lockstone was convicted at Birmingham Crown Court of one count of conspiracy to dishonestly make false representation to make gain for self/another or cause loss/expose other to risk, and of one count of making/supplying articles for use in fraud.
13. On 21 April 2016, Mr Lockstone was sentenced at Birmingham Crown Court to 42 months' imprisonment for those offences. On 9 May 2017, Mr Lockstone's sentence was reduced on appeal to 33 months' imprisonment, and he was released on 26 May 2017 from HMP Leyhill.
14. Further, the offences were committed when Mr Lockstone was approved by the Authority to perform the CF1 (Director) controlled function at EMSL.
15. The Court of Appeal judgement referred expressly to the sentencing remarks of Judge Eyre QC. In particular, those remarks stated that Graham Lockstone was a skilled and experienced professional in the financial world. He knew how financing operated and used his contacts. He had been involved in the fraudulent transaction, as well as being involved later in the production of false documents for use in fraud. His offending was viewed by the [sentencing] judge as a sophisticated abuse of his position and skills. It was deliberately dishonest behaviour.

DECISION MAKER

16. The decision which gave rise to the obligation to give this Final Notice was made by the Regulatory Decisions Committee.

IMPORTANT

17. This Final Notice is given to Mr Lockstone in accordance with section 390(1) of the Act.

Publicity

18. The Authority must publish such information about the matter to which this Final Notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to Mr Lockstone or prejudicial to the interest of consumers.
19. The Authority intends to publish this Final Notice and such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contact

20. For more information concerning this matter generally, please contact Sheena Baldev at the Authority (direct line: 020 7066 6760).

Anna Couzens
Enforcement and Market Oversight Division

ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives include securing an appropriate degree of protection for consumers (section 1C of the Act) and protecting and enhancing the integrity of the UK financial system (section 1D of the Act).
2. Section 56(1) of the Act provides:

"The [Authority] may make a prohibition order if it appears to it that an individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by -

(a) an authorised person,

(b) a person who is an exempt person in relation to that activity, or

(c) a person to whom, as a result of Part 20, the general prohibition does not apply in relation to that activity."

RELEVANT REGULATORY PROVISIONS

3. In exercising its power to make a prohibition order, the Authority must have regard to guidance published in the Handbook and in regulatory guides, such as EG. The relevant main considerations in relation to the action specified above are set out below.

The Enforcement Guide

4. The Authority's policy in relation to exercising its power to issue a prohibition order is set out in EG.
5. EG 9.1 explains the purpose of prohibition orders in relation to the Authority's statutory objectives.
6. EG 9.2 sets out the Authority's general policy on making prohibition orders. In particular:
 - (a) EG 9.2.1 states that the Authority will consider all relevant circumstances, including whether enforcement action has been taken against the individual by other enforcement agencies, in deciding whether to make a prohibition order;
 - (b) EG 9.2.2 states that the Authority has the power to make a range of prohibition orders depending on the circumstances of each case; and
 - (c) EG 9.2.3 states that the scope of a prohibition order will depend on, amongst other things, the reasons why the individual is not fit and proper and the severity of risk he poses to consumers or the market generally.
7. EG 9.5.1 states that where the Authority is considering whether to make a prohibition order against someone who is not an approved person, the Authority will consider the severity of the risk posed by the individual and may prohibit him where it considers that it is appropriate to achieve one or more of the Authority's statutory objectives.

8. EG 9.5.2 provides that, when considering whether to exercise its power to make a prohibition order against someone who is not an approved person, the Authority will consider all the relevant circumstances of the case. These may include, but are not limited to, the factors set out in EG 9.3.2. Those factors include: whether the individual is fit and proper to perform functions in relation to regulated activities (noting the criteria set out in FIT 2.1, 2.2, and 2.3); the relevance and materiality of any matters indicating unfitness; the length of time since the occurrence of any matters indicating unfitness; and the severity of the risk which the individual poses to consumers and to confidence in the financial system.

Fit and Proper Test for Approved Persons

9. The Authority has issued guidance on the fitness and propriety of individuals in FIT.
10. FIT 1.3.1BG(1) states that the most important considerations when assessing the fitness and propriety of a person to perform a controlled function include that person's honesty, integrity and reputation.
11. FIT 2.1.1G states that in determining a person's honesty, integrity and reputation, the Authority will have regard to all relevant matters including, but not limited to, those set out in FIT 2.1.3G. It notes, amongst other things and by way of example, that:

"... conviction for a criminal offence will not automatically mean an application will be rejected. The [Authority] treats each candidate's application on a case-by-case basis, taking into account the seriousness of, and the circumstances surrounding, the offence, the explanation offered by the convicted person, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation."
12. FIT 2.1.3G(1) states that the matters referred to in FIT 2.1.1G include, but are not limited to, whether a person has been convicted of any criminal offence, noting that particular consideration will be given to certain offences including those of dishonesty, fraud and financial crime (amongst other things).