
FINAL NOTICE

To: Graham Harold Richard Betton

Date of Birth: 24 August 1953

Date: 26 August 2011

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

ACTION

1. The FSA gave Mr Graham Betton a Decision Notice on 19 June 2008 which notified him that pursuant to section 123(3) of the Financial Services and Markets Act 2000 (the “Act”), the FSA had decided to impose a financial penalty on him for engaging in market abuse and a prohibition order, pursuant to section 56 of the Act, prohibiting Mr Betton from performing any function in relation to any regulated activity carried on by any authorised or exempt person or exempt professional firm on the grounds that he is not a fit and proper person.

2. On 16 July 2008 Mr Betton referred his Decision Notice to the Financial Services and Markets Tribunal (“the Tribunal”). The written decisions of the Tribunal were published on 19 November 2010, 1 March 2011 and 25 May 2011, and are located on the Tribunal’s website. The Tribunal determined that the FSA should impose on Mr Betton the following:
 - 2.1 a financial penalty of £25,000 (reduced for financial hardship) pursuant to section 123(3) of the Act for engaging in market abuse; and

 - 2.2 a prohibition order, pursuant to section 56 of the Act, prohibiting Mr Betton from performing any function in relation to any regulated activity carried on by any authorised or exempt person or exempt professional firm on the grounds that he is not a fit and proper person.

3. With effect from 26 August 2011 the FSA hereby makes an order prohibiting Mr Betton from performing any function in relation to any regulated activity carried on by any authorised or exempt person or exempt professional firm and imposes a financial penalty of £25,000 on Mr Betton.

REASONS FOR THE ACTION

Summary

4. As is set out more fully in the Tribunal's decision dated 19 November 2010, Mr Betton committed market abuse during the period September 2003 to July 2004 ("the relevant period"). In summary, over the relevant period, Mr Betton assisted in a share ramping scheme which led to the suspension of trading in shares in Fundamental-E Investments Plc ("FEI") by the Alternative Investment Market ("AIM") of the London Stock Exchange (the "LSE") on 15 July 2004. Shares in FEI were suspended on 15 July 2004 for a week and on further trading, the share price fell dramatically and has never recovered. Mr Betton's conduct had the potential to and did cause serious loss to investors and damage to confidence in the AIM market.
5. Mr Betton was a director of SP Bell Limited ("SP Bell"), a stock-broking company, owned and controlled by the chief executive, Simon Eagle. Mr Eagle caused SP Bell to embark on a deliberate course of market abuse in relation to FEI through the use of rollover trades, delayed rollover trades and the manipulation of share prices. Mr Betton actively assisted in Mr Eagle's share ramping scheme.
6. Mr Eagle required the active assistance of Mr Betton in order to implement his share ramping scheme. Mr Betton deliberately:
 - 6.1 executed and allowed others to execute under his direction and knowledge, at least 48 rollover trades and thereby avoided clients paying for their shares which misled the market;
 - 6.2 executed 27 delayed rollover trades and thereby misled the market;
 - 6.3 positioned the share price of FEI at an artificially high level.
7. The Tribunal found that Mr Betton's behaviour amounted to market abuse (contrary to s118(2) (b) and 118(2)(c) of the Act) as follows:
 - 7.1 it occurred in relation to a qualifying investment traded on a prescribed market (i.e. FEI shares traded on AIM);
 - 7.2 it was:
 - 7.2.1 likely to give a regular user of the market a false or misleading impression as to the supply of, demand for, price or value of, FEI shares; and
 - 7.2.2 such that a regular user of the market would, or would be likely to, regard the behaviour as that which would, or would be likely to, distort the market in FEI shares;

7.3 it is likely to be regarded by a regular user of that market who is aware of the behaviour as a failure on the part of Mr Betton to observe the standard of behaviour reasonably expected of a person in Mr Betton's position in relation to the market; and

7.4 it occurred in the United Kingdom.

8. Further, the Tribunal directed that it would be proper to make a prohibition order against Mr Betton. The Tribunal decision dated 19 November 2010 included the following passage:

“We accept that Mr Eagle’s arrival on the scene and his implementation of the share ramping scheme through SP Bell put Mr Betton in an acutely difficult position. His livelihood was threatened if he blew the whistle on Mr Eagle. Nonetheless those factors exposed a lack of integrity on the part of Mr Betton and led to his deliberate involvement in the share ramping scheme. It would, we think, be wrong, damaging to market confidence and indeed unthinkable if Mr Betton were allowed to continue to operate in the financial services sector.”¹

IMPORTANT

9. This Final Notice is given to Mr Betton in accordance with section 390 of the Act.

Manner of and time for payment

10. The financial penalty of £25,000 must be paid in full by Mr Betton by no later than 9 September 2011, 14 days from the date of the Final Notice.

If the financial penalty is not paid

11. If all or any of the financial penalty is outstanding on 9 September 2011, the FSA may recover the outstanding amount as a debt owed by Mr Betton and due to the FSA.

Publicity

12. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this notice relates. Under those provisions, the FSA must publish such information about the matter to which this notice relates as the FSA considers appropriate. The information may be published in such a 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 Mr Betton or prejudicial to the interests of consumers.

13. The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

FSA contacts

¹ GRAHAM BETTON - and – THE FINANCIAL SERVICES AUTHORITY FS/2008/0011, paragraph 78

14. For more information concerning this matter generally, you should contact Rosemarie Paul or Beth Harris at the FSA (direct line: 020 7066 4724 / 020 7066 2508).

Tracey McDermott
Director
FSA Enforcement & Financial Crime Division

