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## FINAL NOTICE

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To: **Andrew Lawrence Greystoke**

Date of Birth: **24 May 1942**

Reference: **AXG01421**

Date: **28 May 2010**

**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:

### **1. THE ACTION**

1.1. The FSA gave Andrew Lawrence Greystoke ("Mr Greystoke") a Decision Notice on 14 May 2009 which notified him that:

- (1) pursuant to section 56 of the Financial Services and Markets Act 2000 ("the Act") the FSA had decided to make an order prohibiting Mr Greystoke from performing any function in relation to any regulated activity carried on by an authorised or exempt person or exempt professional firm ("the Prohibition Order");
- (2) pursuant to section 63 of the Act the FSA had decided to withdraw the approval given to Mr Greystoke under section 59 of the Act; and
- (3) pursuant to section 66 of the Act the FSA had decided to impose a financial penalty of £200,000 on Mr Greystoke for a breach of Statement of Principle 1 of the Statements of Principle for Approved Persons and being knowingly concerned in breaches by Atlantic Law LLP of the FSA's Conduct of Business Rules ("COB") in force at the material time.

- 1.2. On 10 June 2009, Mr Greystoke referred the decision to the Financial Services and Markets Tribunal (“the Tribunal”). The Tribunal, in a written decision dated 11 May 2010 that can be found on the Tribunal’s website, determined that:
- (1) a Prohibition Order should be imposed on Mr Greystoke;
  - (2) the approval given to Mr Greystoke under section 59 of the Act should be withdrawn; and
  - (3) a fine of £200,000 should be imposed on Mr Greystoke.
- 1.3. With effect from 28 May 2010, the FSA hereby withdraws Mr Greystoke’s approval, makes an order prohibiting Mr Greystoke from performing any function in relation to any regulated activity carried on by an authorised or exempt person or exempt professional firm, and imposes a financial penalty of £200,000 on Mr Greystoke.

## **2. REASONS FOR THE ACTION**

- 2.1. Mr Greystoke (who held controlled functions at Atlantic Law LLP) recklessly signed off Atlantic Law LLP’s approval of 50 UK investment advertisements, between December 2005 and March 2007, issued by four unregulated Spanish stockbroking firms. He did so without taking reasonable steps to ensure that the advertisements were clear, fair and not misleading and despite having reason to doubt that the Spanish firms would deal with UK consumers in an honest and reliable way. Mr Greystoke accepted before the Tribunal that these Spanish firms were boiler room share scam operators. Mr Greystoke approved their advertisements despite seeing consumer complaints and press articles clearly warning of their activities and despite negative previous experience of acting for other Spanish boiler room clients.
- 2.2. The advertisements offered free research reports on respectable listed companies. As Mr Greystoke knew, the FSA had previously published warnings that this technique was commonly used by boiler rooms to obtain UK consumer telephone contact details. The advertisements approved by Mr Greystoke were misleading because their true purpose, which the Tribunal found to have been “*blindingly obvious*” to Mr Greystoke, was not to offer the free reports, but to sell shares, whose value he knew to be at least doubtful.
- 2.3. In fact, the Spanish companies subjected UK consumers who requested the reports, which Mr Greystoke knew to be of poor quality, to pressurised selling of high-risk illiquid shares in unlisted small companies. UK consumers who complained to the Spanish companies were subjected to threats and blackmail.
- 2.4. One hundred and thirty UK consumers have complained to the FSA that they invested a total of over £3 million. The FSA believes that they will have lost much, if not all, of their investment and that many victims will not have complained with the result that, as the Tribunal found, the true loss caused by the advertisements approved by Mr Greystoke was likely to be substantially more than £3 million.
- 2.5. The Tribunal held that Mr Greystoke acted recklessly: “*He knowingly took very obvious risks, he ignored the clearest warning signs and approved the promotions with the result that the Spanish companies were able to exploit vulnerable consumers*”

*who lost very large sums of money.” The Tribunal accordingly held that Mr Greystoke lacked integrity. The Tribunal held that “justice requires that there be a prohibition order against Mr Greystoke.”*

- 2.6. On the question of financial penalty, the Tribunal upheld the FSA’s decision to impose a penalty of £200,000 on Mr Greystoke. The Tribunal stated:

*“We recognise that there is a possibility that imposition of financial penalties of the range fixed by the RDC may result in the insolvency of the Applicants and in Atlantic Law going out of business. The decision as to payment of these and other debts is it seems dependent on whether Mr Greystoke’s wife chooses to lend more money.*

*The fact that the purpose of imposing a financial penalty is not to bring about insolvency does not mean that the Tribunal cannot and should not fix a penalty which may have that unfortunate result. Victims of boiler room schemes have to take the financial consequences of the losses perpetrated upon them. Those who help cause those losses do not deserve special protection. The need for the seriousness of breaches of the rules to be publicly recognised may outweigh the potential consequences for individuals. In our view it does so in this case. It would send out the wrong message for the Tribunal not to impose a substantial financial penalty. The starting point in Fox Hayes was £750,000. There are respects in which this case is less bad than Fox Hayes (for example no commissions or deposits were received by the Applicants) and respects in which it is worse (for example in the experience and sophistication in financial services of Atlantic Law and Mr Greystoke compared with those at Fox Hayes). But it is our duty to impose a suitable penalty not extrapolate in detail from the facts of other cases. Having regard to the gravity and consequences of the breaches in this case but also giving some recognition to the Applicants’ financial position, the right course is neither to increase nor decrease the penalty imposed by the RDC.”*

### **3. IMPORTANT**

- 3.1. This Final Notice is given in accordance with section 390 of the Act.

#### **Manner of and time for payment**

- 3.2. The financial penalty of £200,000 must be paid in full by Mr Greystoke to the FSA by no later than 11 June 2010, 14 days from the date of this Final Notice.

#### **If the financial penalty is not paid**

- 3.3. If all or any of the financial penalty is outstanding on 11 June 2010, the FSA may recover the outstanding amount as a debt owed by Mr Greystoke and due to the FSA.

**Publicity**

- 3.4. 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. However, the FSA may not publish information if such publication would, in the opinion of the FSA, be unfair to you or prejudicial to the interests of consumers.
- 3.5. The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

**FSA contacts**

- 3.6. For more information concerning this matter generally, you should contact Rebecca Irving at the FSA (direct line: 020 7066 2334 /fax: 020 7066 2335).

**Georgina Philippou**  
**Head of Department**  
**FSA Enforcement and Financial Crime Division**