
FINAL NOTICE

To: **Mr Leo Kusi-Appiah**
Trading as Oxford House Financial Services
385 High Road
Wood Green
London
N22 8JA

Dated: **12 March 2007**

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (the "FSA") gives you final notice about an order prohibiting you, Leo Kusi-Appiah, from performing any function in relation to any regulated activity carried on by any authorised or exempt person

1. THE ORDER

- 1.1 The FSA gave you a Decision Notice dated 7 February 2007 ("the Decision Notice") which notified you that, for the reasons listed below and pursuant to section 56 of the Financial Services and Markets Act 2000 ("the Act"), the FSA has decided to make an order prohibiting you, Leo Kusi-Appiah trading as Oxford House Financial Services, from performing any functions in relation to any regulated activities ("the Prohibition Order").
- 1.2 You have not referred the matter to the Financial Services & Markets Tribunal within 28 days of the date on which the Decision Notice was given to you.

1.3 Accordingly, for the reasons set out below, the FSA hereby makes an order pursuant to section 56 of the Act prohibiting you from performing any function in relation to any regulated activity carried on by any authorised or exempt person. The Prohibition Order takes effect from [] March 2007.

2. REASONS FOR THE ORDER

2.1 On the basis of facts and matters relied on by the FSA and its conclusions, described in its Warning Notice dated 29 December 2006 and in the Decision Notice, it appears to the FSA that you are not fit and proper to perform any function in relation to any regulated activity carried on by any authorised or exempt person, having regard to:

- (1) your lack of honesty and integrity, in particular in relation to the submission of fraudulent mortgage applications to lenders and your use of the identity of a Mr [A] in relation to the submission of fraudulent mortgage applications; and
- (2) your failure to be candid and truthful generally, and open and honest with the FSA, in particular for creating and sending the FSA a copy of a letter purportedly received by you from Mr [A], for making false and misleading statements to the FSA about your business arrangements, and by failing to disclose in your application for Part IV permission under the Act, that you were the subject of two County Court Judgments,

all of which raises serious concerns about your honesty, integrity and reputation.

2.2 A copy of the relevant extract of the Warning Notice is attached to and forms part of this Notice.

3. IMPORTANT

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

Publicity

3.2 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 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 you or prejudicial to the interests of consumers.

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

FSA Contact

- 3.4 For more information concerning this matter generally, you should contact Chris Walmsley (direct line: 020 7066 5894 / fax: 020 7066 5895) of the Enforcement Division of the FSA.

Jonathan Phelan
Head of Department
FSA Enforcement Division

EXTRACT FROM WARNING NOTICE DATED 29 DECEMBER 2007

2. REASONS FOR PROPOSED ACTION

- 2.1 The FSA has concluded, on the basis of the facts and matters described below, that you are not fit and proper to carry out any functions in relation to regulated activities carried on by authorised persons and you should be prohibited from doing so.

- 2.2 In the opinion of the FSA you are not fit and proper having regard to:

- (1) your lack of honesty and integrity, in particular in relation to the submission of fraudulent mortgage applications to lenders and your use of the identity of a Mr [A] in relation to the submission of fraudulent mortgage applications; and
- (2) your failure to be candid and truthful generally, and open and honest with the FSA, in particular for creating and sending the FSA a copy of a letter purportedly received by you from Mr [A], for making false and misleading statements to the FSA about your business arrangements, and by failing to disclose in your application for Part IV permission under the Act, that you were the subject of two County Court Judgments,

all of which raises serious concerns about your honesty, integrity and reputation.

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6. FACTS AND MATTERS RELIED ON

Background

- 6.1 You are an authorised person and a sole trader. You have no permanent employees acting as advisers and you employ administrative staff.

- 6.2 You became authorised by the FSA on 31 October 2004 to carry on the following regulated activities:
- (i) advising on regulated mortgage contracts; and
 - (ii) agreeing to carry on a regulated activity.
- 6.3 With effect from 14 January 2005, you were additionally granted permission to carry on the following insurance mediation regulated activities:
- (i) advising (excluding Pension Transfers/Opt Outs);
 - (ii) arranging deals in investments;
 - (iii) assisting in the administration of insurance; and
 - (iv) making arrangements.
- 6.4 With effect from 4 February 2005, you were additionally granted permission to carry on the following mortgage related activities:
- (i) arranging regulated mortgage contracts; and
 - (ii) making arrangements.

Background to the investigation

- 6.5 In August 2005, the FSA received information from a mortgage lender ("the Lender") that it had removed you from its panel of mortgage brokers because it considered that you had submitted a number of mortgage applications which appeared to contain false information.
- 6.6 The FSA's Small Firms Division ("SFD") visited you on 31 August 2005. SFD reviewed seven mortgage application files during the visit, and found discrepancies in some of the mortgage applications.
- 6.7 The Lender sent to the FSA on 15 November 2005 information relating to mortgage applications submitted in the names of yourself, Mrs Tracey Kusi-Appiah (nee Waller), and a Mr [A].
- 6.8 The FSA's Enforcement Division reviewed fourteen mortgage applications which were submitted through Oxford House Financial Services in the names of yourself, Mrs Tracey Kusi-Appiah (nee Waller) and Mr [A].
- 6.9 In its report, the Lender referred to other mortgage applications submitted via Oxford House Financial Services about which it had similar concerns. The Lender had concluded that false employment and income details were provided on the majority of these applications and, in some cases, multiple applications had been made on behalf of the relevant customer to different lenders, which contained inconsistent information. The Lender identified that it had received 51 applications from you between 18 May 2004 and 21 March 2005, valued in total at £7,823,724.

- 6.10 The FSA appointed investigators on 29 November 2005 to investigate:
- (1) potential breaches by you, trading as Oxford House Financial Services, of:
- (a) the FSA's Principles for Businesses in respect of the submission of fraudulent mortgage applications to the Lender; and
 - (b) the FSA's Mortgage Conduct of Business Rules ("MCOB") in relation to information gathering and recording information and research relevant to the suitability of advice and recommendations provided, and
- (2) whether you are a fit and proper person to perform functions in relation to regulated activities.
- 6.11 The FSA decided to focus on the circumstances relating to the submission by you of mortgage applications in the names of you, Mrs Tracey Kusi-Appiah and Mr [A].

FSA's findings

Mortgage applications made in your name

- 6.12 Between 24 November and 6 December 2004 you submitted through Oxford House Financial Services three mortgage applications in your own name, none of which proceeded.
- 6.13 In these applications, you stated that you were the sole (i.e. 100%) shareholder in Oxford House Financial Services and that your income was £110,000.
- 6.14 However, the FSA established that your declared income in 2004 for tax purposes was £10,410. You told the FSA that the lower figure would have been an estimate only, because you had submitted no accounts for 2004. Your accounts submitted to the FSA for income in the year ending April 2006 show total revenue of £41,650 and total expenditure as £36,266 with no other revenue declared.

Mortgage applications made in the name of Mr [A]

- 6.15 Twelve mortgage applications were made to the Lender in the name of Mr [A], two of which were submitted via Oxford House Financial Services.
- 6.16 In eleven of the twelve applications, Mr [A] was stated to be self-employed and the sole (i.e. 100%) shareholder in Oxford House Financial Services. These statements are not consistent with your statement to the FSA that you are the sole shareholder in Oxford House Financial Services.

- 6.17 The income for Mr [A] stated in the twelve applications varied from £86,934 to £149,500. You told the FSA that your estimate of a reasonable income for Mr [A] was between £105,000 and £110,000.
- 6.18 The date of birth recorded on the applications for Mr [A] is the same as your date of birth.
- 6.19 The property interests of you and Mrs Tracey Kusi-Appiah appear to coincide with those of Mr [A]. For example, your home address is mortgaged by means of a residential mortgage under the name of Mr [A]. The FSA found that a residential address in the name of Mr [A] is a property owned by you, and mortgage payments on a property registered in the name of Mr [A] are being paid for out of a bank account in the name of Mrs Tracey Kusi-Appiah.
- 6.20 The FSA found out that the police commissioned a facial mapping exercise, in which an independent expert compared the photograph on a driving licence issued in the name of Mr [A] with a photograph of you taken by the police. The expert concluded that there was strong support for the contention that both photographs were of the same person.
- 6.21 When the FSA showed you a copy of the photograph taken from Mr [A's] driving licence, you first of all denied that it was a photograph of Mr [A]. When the FSA told you that the copy of the photograph was taken from the driving licence issued in the name of Mr [A], you told the FSA that the photograph was that of Mr [A]. The FSA concluded that the photograph on the driving licence for Mr [A] is in fact a photograph of you wearing a pair of spectacles.
- 6.22 The FSA established that there is no record of a national insurance number having been issued to a Mr [A]. You indicated to the FSA that you believe that Mr [A] has a national insurance number, but you have provided no details.
- 6.23 You told the police, but not the FSA, that you have held a general power of attorney over Mr [A's] affairs since February 2006.
- 6.24 On 10 April 2006, you supplied the FSA with contact details in the United Kingdom for Mr [A]. The FSA's attempts to contact Mr [A] by telephone and by letters sent to the address given by you were unsuccessful.
- 6.25 On 11 August 2006, you sent the FSA a copy of a hand written letter dated 14 June 2006 which you claimed had been sent to you by Mr [A] from a hospital in Ghana. The FSA does not believe that the letter was written by a Mr [A].
- 6.26 To date the FSA has had no success in locating and contacting a Mr [A] at the address on the letter that you purportedly received from Ghana.

Mortgage applications made in the name of Mrs Tracey Kusi-Appiah

- 6.27 Mortgage applications were submitted through Oxford House Financial Services in the names of Mrs Tracey Kusi-Appiah and Miss Tracey Waller which contained

inconsistent and false information about her income and the nature of her employment.

- (1) Five mortgage applications were submitted in the name of Mrs Tracey Kusi-Appiah between 25 January and 8 March 2005. One of these applications referred to her as being the sole shareholder in Oxford House Financial Services. Her income was stated to be £105,000. However, you told the FSA that Mrs Tracey Kusi-Appiah is not a shareholder in Oxford House Financial Services.
- (2) Three additional mortgage applications were submitted in Mrs Kusi-Appiah's maiden name in January 2004. You acted as the estate agent in those transactions and in one case as the vendor. In these applications, Mrs Kusi-Appiah was described as a mortgage broker with a salary of £98,000 plus PAYE income of £14,000.
- (3) In June 2003, two mortgage applications were submitted in Mrs Kusi-Appiah's maiden name of Waller. Her income was stated as £15,500 and she was described as an accounts assistant with a second occupation of mortgage consultant.

6.28 You told the FSA that:

- (1) the inclusion of incorrect information in these mortgage applications was the result of a number of clerical errors;
- (2) a reference on one of the applications to Mr [A] acting as the mortgage adviser for Oxford House Financial Services was a clerical error; and
- (3) you were not aware that Mr [A] was not separately authorised by the FSA as at the date that he certified identification documents to accompany Mrs Kusi-Appiah's mortgage applications (that date being 25 January 2005).

Communications with the FSA

- 6.31 You failed to disclose to the FSA at any time that you were the subject of a police investigation, even though the police had raided your home and business addresses and seized various items, and had interviewed you under the provisions of PACE in March 2006.
- 6.32 You failed to disclose to the FSA at any time that you had been removed from the Lender's panel, although you had been informed of this by letter dated 21 April 2005.
- 6.33 You told the FSA that one of two qualified mortgage advisers operating from Oxford House Financial Services' premises accompanied you when you gave mortgage advice to customers (because you were not qualified to give advice). You referred to one of these advisers, Adviser A, who you said was currently working for you, as a self-employed adviser. This statement is not consistent with information provided by Adviser A, who told the FSA that he ceased working from Oxford House Financial

Services' premises on 18 March 2006 and that he had never accompanied you when you met clients in the manner that you described to the FSA.

- 6.34 From 16 February 2006 you apparently held a general power of attorney over Mr [A's] affairs and could therefore reasonably have been expected to know of his whereabouts. The contact details which you provided to the FSA on 10 April 2006 proved to be of no assistance to the FSA in its attempts to contact Mr [A] as answerphone messages were not returned and letters were returned undelivered. To date, attempts to contact Mr [A] at the address in Ghana which you provided have not been successful.

Summary of FSA's conclusions

- 6.35 The FSA has concluded that:

- (1) you submitted mortgage applications to the Lender in your own name which contained false information as to your income;
- (2) you used the identity of a Mr [A] to submit mortgage applications in his name to the Lender;
- (3) you used the name of a Mr [A] to certify as correct identification documents produced by you and Mrs Tracey Kusi-Appiah in support of mortgage applications which contained false information; and
- (4) you made false and misleading statements to the FSA in relation for example to:
 - (i) the financial and other personal circumstances of Mr [A];
 - (ii) your income; and
 - (iii) the nature and duration of Adviser A's employment at Oxford House Financial Services.

7. ANALYSIS OF MISCONDUCT AND PROPOSED SANCTION

- 7.1 The FSA has considered whether you are a fit and proper person to perform functions in relation to regulated activities. In doing so, the FSA has had regard to its regulatory requirements and relevant guidance. In assessing your honesty, integrity and reputation for the purpose of considering whether you are a fit and proper person, the FSA has had regard to your failure to be candid and truthful to the FSA and your lack of honesty in your dealings with the Lender in the submission of mortgage applications on behalf of yourself, Mrs Tracey Kusi-Appiah and Mr [A]. The FSA has also considered the relevance, materiality and length of time since the occurrence of your conduct indicating unfitness, and in particular, your ongoing failure to disclose

relevant information to the FSA. The FSA has also considered the severity of the risk you represent to consumers and/or to confidence in the financial system.

- 7.2 The FSA considers that you pose a serious risk to lenders and therefore to confidence in the financial system, and also that action should be taken to help prevent you from committing acts of financial crime.
- 7.3 The FSA therefore considers that it is necessary to prohibit you from performing any functions in relation to any regulated activities.