
FINAL NOTICE

To: **MILAN VUKELIC**

Of: **206 Hitchin Road
Henlow
Bedfordshire
SG16 6BA**

Date: **15 April 2009**

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

1. ACTION

- 1.1 The FSA gave Mr Vukelic a Decision Notice on 14 December 2007 which notified him that pursuant to section 56 of the Financial Services and Markets Act 2000 ("the Act"), the FSA had decided to make an order prohibiting him from performing any function in relation to any regulated activity carried on by an authorised or exempt person or exempt professional firm.
- 1.2 On 9 January 2008, Mr Vukelic referred the decision to the Financial Services and Markets Tribunal ("the Tribunal"). The Tribunal, in a written decision dated 30 March 2009 that can be found on the Tribunal's website [here](#), determined that he should be prohibited from performing any function in relation to any regulated activity carried on by an authorised or exempt person or exempt professional firm and the FSA hereby makes an order prohibiting Mr Vukelic in these terms.

2. REASONS FOR THE ACTION

- 2.1 Mr Vukelic's misconduct occurred between 1998 and 2001 whilst he was CEO at a business unit of General Reinsurance Corporation and related to three financial reinsurance transactions that were used to mislead auditors, regulators and others.
- 2.2 The Tribunal found that Mr Vukelic's conduct in respect of the three transactions lacked integrity and that he is therefore not a fit and proper person. The Tribunal's conclusions include the following passage:

"As CEO of AltSol Mr Vukelic had overall responsibility for the transactions. In each case he chose not to exercise his power of veto to stop what should have been seen to be an obviously questionable deal from going ahead. There is little

evidence that he questioned these deals at all or discussed them with his superiors. Further he played an active role in the negotiation and implementation of the transactions and was reckless as to whether they were intended to mislead auditors and others. We find that he must have appreciated that the deals would probably founder if they were fairly and fully described to auditors and others with a right to know. His conduct in relation to these transactions lacked integrity and was partly responsible for the very serious consequences... In terms of the consequences for creditors, investors and shareholders, it made little difference whether Mr Vukelic was dishonest or merely reckless.” (paragraph 122).

2.3 The Tribunal also stated as follows:

“Mr Vukelic cannot be penalised for exercising his rights to fight this case but neither can he claim the credit due to those who acknowledge their failings. The RDC did not find Mr Vukelic to be dishonest so he did not need to challenge their decision on that ground. Further a persistent failure to recognise shortcomings is a particularly important consideration in a regulatory case where an applicant claims the right to continue to function in a position of trust” (paragraph 127).

3. IMPORTANT

3.1 This Final Notice is given 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 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 Mr Vukelic or prejudicial to the interests of consumers.

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

FSA contacts

3.4 For more information concerning this matter generally, contact Dan Enraght-Moony at the FSA (direct line: 020 7066 0166).

**Tracey McDermott
Head of Department
FSA Enforcement Division**