
FINAL NOTICE

To: Ms Nazia Bi

Of: 23 Aubrey Road
Small Heath
Birmingham
B10 9DQ

Date of Birth: 21 January 1983

Individual FSA reference: NXB01330

Dated: 14 October 2011

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

1. ACTION

- 1.1 The FSA gave Nazia Bi a Decision Notice on 20 January 2010 which notified Nazia Bi that the FSA had decided, having taken account of her written representations dated 29 September and 8 November 2009 and related correspondence and her oral representations made on 28 October 2009, to take the following action:
- (1) impose on her, as an approved person performing the controlled function of being a director of an appointed representative, namely Edwards Estates Limited (“Edwards Estates”), of an authorised firm, namely 2 Minds Mortgages Limited (“2 Minds”), and a financial penalty of £25,000 in respect of a failure to comply with Statement of Principle 6 of the FSA’s Statements of

Principle for Approved Persons (“APER”) pursuant to section 66 of the Financial Services and Markets Act 2000 (“the Act”); and

- (2) withdraw the approval given to her to perform the controlled function of CF1 Director (AR), pursuant to section 63 of the Act; and
 - (3) make an order pursuant to section 56 of the Act prohibiting her 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”), because she had fallen below minimum regulatory standards in terms of competence and capability.
- 1.2 Nazia Bi referred the matter of the level of financial penalty to the Upper Tribunal (Tax and Chancery Chamber) (the “Tribunal”) on the ground that paying a penalty of £25,000 would cause her serious financial hardship. The Tribunal, in a written decision dated 22 September 2011 (the “Decision”), determined that the appropriate financial penalty for Nazia Bi’s breach of APER Statement of Principle 6 should be £45,000, and that the prohibition order should be based on her lack of honesty and integrity.
 - 1.3 The decision can be found on the Tribunal’s web site.
 - 1.4 Accordingly, with effect from 14 October 2011, the FSA imposes a financial penalty of £45,000 on Nazia Bi and makes the prohibition order directed by the Tribunal. Nazia Bi’s individual approval had already been withdrawn by virtue of the uncontested cancellation of 2 Minds’ permission to carry on regulated activities.

2. REASONS FOR THE ACTION

- 2.1 On the basis of the facts and matters described below the FSA concluded that Nazia Bi failed to exercise due skill, care and diligence in the managing the business of Edward Estates for which she was responsible in the performance of her controlled function and that she lacks honesty and integrity. This breach is significantly aggravated by the fact that, under the instructions of the shadow director of 2 Minds, her brother Sarfraz Mohammed (“Mr Mohammed”), she signed an employment reference which she knew, or should reasonably have known, to be false. She failed to check the form or take any steps to ensure the information it contained was true.
- 2.2 Nazia Bi was approved to perform the controlled function of CF1 Director (AR) on behalf of 2 Minds in relation to Edward Estates, and she was the Company Secretary of Edwards Estates. Despite these roles, she said that she had no knowledge of the regulated activities of 2 Minds or Edwards Estates, or of her responsibilities as an approved person. She took no part in the running of Edwards Estates or 2 Minds, and she neglected to make any business or regulatory decisions on behalf of Edward Estates.
- 2.3 The sole adviser at 2 Minds, Mr Mohammed, made all such decisions and Nazia Bi acted under his direction. In addition to signing a false employment reference, she signed forms on a number of other occasions at the direction of Mr Mohammed without checking, or even considering, whether the information contained in those

forms was correct. She told the FSA that she did not consider such checks to be important.

- 2.4 Nazia Bi was the Company Secretary of Edwards Estates. She was approved to perform the controlled function of CF1 Director (AR) on behalf of 2 Minds in relation to Edward Estates on 29 November 2004.
- 2.5 She was a candidate for approval to perform CF1 Director (AR) in relation to Edwards Estates on an application dated 16 November 2004. In October 2008, she told the FSA that she was not necessarily aware that she had been approved by the FSA to perform that controlled function and that she would comment further if the FSA showed her a copy of the signed form. The FSA wrote to her on 8 December 2008, enclosing a copy of the signed form and invited her to comment. She failed to reply.
- 2.6 The FSA did not accept her argument that she was not aware that she was approved to perform controlled functions. She signed the individual approval application form and dated it on 16 November 2004 under a declaration which stated that:
- “I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.”*
- 2.7 This form contained personal data and information about Nazia Bi. In order for the form to be completed on her behalf, a significant amount of her private information would need to be known by the person completing the form. The FSA considered that she must have disclosed this information in order for the form to be completed.
- 2.8 Further, a copy of Nazia Bi’s bank statement was enclosed with her application form as evidence of her address. This is not a publicly available document. Furthermore, the signature on the form matched the signature on a document which she confirmed to the FSA that she signed as the director of Edwards Estates in which her role is stated to be such.
- 2.9 Nazia Bi must have been aware that she was a director of 2 Minds because she signed forms in this capacity. Further, she must also have known that she was the Company Secretary of Edwards Estates as, according to Mr Mohammed, she raised the possibility of there being a conflict of interest when she applied to work for a firm of solicitors in Birmingham. Mr Mohammed also told the FSA that she was involved in the process of arranging mortgages for customers.
- 2.10 Nazia Bi was unable to comment on any of the activities of Edward Estates or 2 Minds. She said she had no knowledge of the regulated activities of either firm or her role as a director or an approved person. She said that the adviser at 2 Minds, Mr Mohammed, made all the business decisions.
- 2.11 She regularly signed documents handed to her by Mr Mohammed at his direction. In particular, she signed an employment reference which was false. This form stated that Customer A was an employee of Edward Estates. In fact, Customer A did not work for Edward Estates and she told the FSA that she had not heard of this person. The FSA concluded that in her role as CF1 (AR) for Edward Estates, she knew or should

have known that Customer A did not work for Edward Estates. Therefore she knew that the employment reference was false or should have known it was false.

- 2.12 As a matter of general practice, Nazia Bi failed to check documents that she was asked to sign by Mr Mohammed or whether the information such documents contained were accurate before she signed them. Further, she failed to consider whether it was important to do so and the risk that may arise of failing to do so, specifically that Mr Mohammed could use the business of 2 Minds and Edward Estates for a purpose connected to financial crime.

Representations made to the FSA

- 2.13 Nazia Bi made representations as to her knowledge and understanding of 2 Minds as well as her involvement in the day to day running of the business. While she acknowledged her limited experience of financial services, she stated that she took her controlled function responsibilities seriously.
- 2.14 With regard to the individual approval application form, she confirmed that the signature on the form appeared to be her signature. Therefore, while she may not have fully understood how or why she came to have controlled function responsibilities for 2 Minds, she did sign the form applying for approval. She said she may also have signed other forms on behalf of either Edwards Estates as Company Secretary or 2 Minds as director, in either capacity.
- 2.15 With regard to mortgage application forms, she confirmed again that the signature on the forms referred to in this Notice appeared to be her signature. She also confirmed that it was not her practice to sign blank forms; she would have made sure the form had been properly completed, checked the contents and then signed it. She said that it was her practice to check the application forms carefully.
- 2.16 However, despite the above, she admitted that she relied very heavily on Mr Mohammed and to a great extent had been led by him in her dealings with customers. She also confirmed that Mr Mohammed made all the business decisions at the Firm. She apologised for any mistakes she may have made but stated that they were not deliberate.
- 2.17 She informed the FSA that she was employed by a solicitor's practice in an administrative role. The likely consequence of an FSA statutory notice would be the loss of her employment and extreme difficulty in finding other similar employment.
- 2.18 She also made representations as to her financial circumstances. She stated that she would not be able to pay any fine proposed by the FSA, particularly given that she would most likely be unable to work and did not have any assets or savings to fall back on.

The FSA's decision on Ms Bi's conduct

- 2.19 The FSA was not satisfied that she exercised due skill, care and diligence in exercising her controlled functions. Her representations did not indicate any understanding of the nature of the business of 2 Minds or the standards necessary to properly carry out her role within the Firm.

- 2.20 She abrogated her responsibilities as an approved person by delegating them to Mr Mohammed and this was unacceptable to the FSA. Whatever regulated activities she performed while employed by the Firm, were not performed to any level of skill, care or diligence and the FSA did not accept that she acted as a company secretary of the Firm. The FSA finds that regardless of whether or not she in fact abrogated all or any of her responsibilities did not matter. In this case the impact on the Firm and the market is the same. Her conduct fell far below that expected of an approved person.
- 2.21 She did not satisfactorily answer the FSA's questions with regard to her knowledge as to the running of the business or her role as a director or approved person.
- 2.22 The effect of her behaviour and in particular individuals taking on roles beyond their capability is that it increases the likelihood of the Firm being used as a vehicle for financial crime. Taking on the responsibility to perform a controlled function means that the person approved should understand their obligations and perform them to an appropriate level.

The Tribunal's decision on the level of financial penalty

- 2.23 The only matter referred to the Tribunal was the appropriate level of the financial penalty to be imposed. In its decision the Tribunal set out in some detail why it did not believe Nazia Bi's evidence about her bank accounts and property interests, noting examples of untruthful statements made by her and her evasiveness when answering questions. The Tribunal said that Nazia Bi failed to be open and honest about her means. However it acknowledged that the only source of income she had was for clerical work and it recognised that a prohibition order and financial penalty would materially damage her job prospects. It therefore concluded that the appropriate financial penalty was £45,000. The Tribunal was not satisfied that it had received enough verifiable evidence from Nazia Bi to justify reducing the penalty on the grounds of financial hardship.

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 £45,000 must be paid in full by Nazia Bi to the FSA by no later than 28 October 2011, 14 days from the date of the Final Notice.

If the financial penalty is not paid

- 3.3 If all or any of the financial penalty is outstanding on 29 October 2011, the FSA may recover the outstanding amount as a debt owed by Nazia Bi 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 Chris Walmsley of the Enforcement Division of the FSA (direct line: 020 7066 5894/fax 020 7066 5895).

Tom Spender
Head of Department
Enforcement and Financial Crime Division