FINANCIAL CONDUCT AUTHORITY

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FINAL NOTICE

To:	Paul Vincent Taylor
Individual Reference Number:	PVT01008
Date:	12 August 2026

1. ACTION

1.1 For the reasons given in this Final Notice, the Authority hereby:

(1) imposes on Mr Paul Vincent Taylor a financial penalty of £489,000 pursuant to section 66 of the Act; and

(2) makes an order prohibiting Mr Taylor from performing any function in relation to any regulated activities carried on by any authorised or exempt persons, or exempt professional firm pursuant to section 56 of the Act. This order takes effect from the date of this Notice.

1.2 Mr Taylor agreed to resolve this matter and qualified for a 30% (stage 1) discount under the Authority's executive settlement procedures. Were it not for this discount, the Authority would have imposed a financial penalty of £698,600 on Mr Taylor.

2. SUMMARY OF REASONS

2.1. Between 14 February 2022 and 17 January 2025, Mr Taylor was approved by the Authority to perform the SMF1 (Chief Executive) and SMF3 (Executive Director) senior management functions at Blue Horizon Asset Management Ltd ("BHAM"). BHAM is an asset and fund management firm authorised by the Authority to provide services to professional and institutional clients. It is wholly owned by Blue Group.

2.2. As SMF1 and SMF3, Mr Taylor was required to comply with the Code of Conduct, including acting with integrity (ICR 1).

2.3. Between 6 December 2023 and 30 October 2024 ("the Relevant Period"), Mr Taylor dishonestly made false and misleading statements during the course of two commercial negotiations.

2.4. In respect of the first of these negotiations, in December 2023, which concerned an attempt by Blue Group to acquire a UK bank ("Firm A"), Mr Taylor, with the knowing assistance of Esmeralda Toni (Ms Toni), also an Executive Director at BHAM, made false representations to Firm A that he was the ultimate beneficial owner ("UBO") of a Bond Portfolio worth over €200 million, in order to demonstrate "proof of funds" and thereby trigger an exclusivity period. Mr Taylor did so despite the CEO of Firm A informing him that the FCA/PRA would ask him to "attest" to this information.

2.5. Between May and June 2024, Firm A sought Blue Group's assistance in completing controller notification forms which it submitted to the FCA and the PRA. Mr Taylor knew that his false statements regarding the UBO of the Bond Portfolio had already been communicated to the FCA and the PRA.

2.6. In July 2024, Mr Taylor was required, as a condition of regulatory approval being granted, to provide further documentary evidence as to proof of funds. This prompted Mr Taylor, with Ms Toni's knowing assistance, to create documents which purported to evidence Mr Taylor's source of funds by representing him as the UBO of the Bond Portfolio. Those documents were a letter of good standing from and a nominee agreement with the actual owner of the Bond Portfolio and one of BHAM's clients ("Client A"), both of which purported to carry the signature of Client A's CEO, which taken together falsely asserted that Client A held the Bond Portfolio as nominee for Mr Taylor. The documents were sent to Firm A on 22 July 2024.

2.7. On receipt of the documents, Firm A decided to make enquiries with Client A's CEO. This prompted Mr Taylor to call Client A's CEO and ask him to confirm the letter by email to Firm A, which Client A's CEO did without seeing the letter. On 26 and 30 July 2024, Firm A sent the documentation provided by Mr Taylor to the Authorities.

2.8. During October 2024, the FCA identified several anomalies regarding Mr Taylor's purported status as UBO of the Bond Portfolio, which led the Authority to seek further assurances. On 14 October 2024, BHAM emailed the Authority, again falsely asserting that Mr Taylor was the UBO of the Bond Portfolio. The Authority's further challenge to that email resulted in Mr Taylor advising BHAM to inform the Authority that BHAM had provided it with false information (i.e. that he was the UBO of the Bond Portfolio), which BHAM did by email on 30 October 2024.

2.9. The second set of negotiations took place during July and August 2024 and concerned a proposed acquisition by BHAM of Reading Football Club ("RFC"). In order to provide proof of sufficient funds, Mr Taylor falsely represented to RFC, through BHAM, that he was the UBO of the Bond Portfolio.

2.10. Soon after 30 October 2024, Mr Taylor and BHAM decided to conduct an internal investigation and appointed an independent law firm to conduct the investigation (which Mr Taylor did not participate in). At the conclusion of this investigation, BHAM provided the Authority with a copy of the investigation report, including detail of both sets of negotiations, and underlying material. BHAM has since cooperated with the Authority's investigation.

2.11. The Authority considers that, by his conduct in relation to both sets of negotiations, while he was approved by the Authority to perform the SMF1 and SMF3 senior management functions at BHAM, Mr Taylor acted dishonestly and with a lack of integrity, in breach of ICR 1.

2.12. These breaches represented a very serious failure of judgement by Mr Taylor, which involved dishonest conduct over a prolonged period and, in respect of the acquisition of Firm A, were intended to mislead the Authority in the performance of its statutory functions.

2.13. Given the nature of the failings described in this Notice, it appears to the Authority that Mr Taylor is not a fit and proper person to perform any function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm pursuant to section 56 of the Act.

2.14. The Authority therefore hereby:

a) imposes on Mr Taylor a financial penalty of £489,000 pursuant to section 66 of the Act for breaching ICR1; and

b) makes an order in the terms of paragraph 1.1(2) above.

2.15. This Notice refers to certain individuals and firms, in addition to Mr Taylor and Ms Toni. By referring to these individuals and firms, the Authority does not seek to criticise their actions, and does so only to provide relevant factual context to the findings in this Notice.

3. DEFINITIONS

3.1. The following definitions are used in this Final Notice (and in the Annex):

"the Act" means the Financial Services and Markets Act 2000;

"the Authority" means the Financial Conduct Authority;

"the Authorities" means the Financial Conduct Authority and the Prudential Regulatory Authority jointly;

"Blue Group" means Blue Group Holdings Limited, formerly known as Moontreasure Ltd;

"BHAM" and "Blue Horizon" mean Blue Horizon Asset Management Limited;

"the Bond Portfolio" means the portfolio of government bonds managed by BHAM for Client A, the UBO;

"COCON" or "the Code of Conduct" means the Code of Conduct sourcebook, part of the Authority's Handbook;

"CEO" means Chief Executive Officer;

"Client A" means an overseas bank which was a client of BHAM during the Relevant Period and the owner of the Bond Portfolio;

"DEPP" means the Authority's Decision Procedure and Penalties Manual, part of the Handbook;

"ENFG" means the Enforcement Guide;

"Firm A" means the UK start-up bank which was not authorised by the Authorities and which was the target of the acquisition by Blue Group and subsequently Holding Company A during the Relevant Period;

"FIT" means the Fit and Proper Test for Employees and Senior Personnel section of the Handbook;

"the Handbook" means the Authority's Handbook of rules and guidance;

"Holding Company A" means the overseas company intended as the acquiring entity for Firm A from late July 2024;

"Ms Toni" means Esmeralda Toni (Financial Services Register reference EXT00067);

"PRA" means the Prudential Regulatory Authority;

"RFC" means Reading Football Club;

"the Relevant Period" means the period between 6 December 2023 and 30 October 2024;

"the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber); and

"UBO" means Ultimate Beneficial Owner.

4. FACTS AND MATTERS

Paul Taylor

4.1. Mr Taylor was the founder, controller and Chief Executive Officer of BHAM, where from 14 February 2022 to 17 January 2025, he was approved by the Authority to perform senior management functions SMF1 (Chief Executive) and SMF3 (Executive Director). Mr Taylor was an experienced industry professional, having worked in financial services since 1980.

4.2. During the Relevant Period, Mr Taylor was controller of BHAM through his 100% shareholding in Blue Group.

Esmeralda Toni

4.3. Between 14 February 2022 and 16 December 2025, Ms Toni was Managing Director at BHAM and approved by the Authority to perform the SMF3 (Executive Director) senior management function at BHAM.

4.4. Ms Toni's responsibilities at BHAM included operational oversight, oversight of the firm's risk management framework and alignment of operational processes with the firm's governance requirements and internal policy standards. Ms Toni's responsibilities included relationship management of BHAM clients, including Client A.

Blue Horizon Asset Management Limited and Blue Group

4.5. BHAM is an asset and fund management firm that provides services to professional and institutional clients. Its regulatory permissions include advising on investments, arranging deals in investments and managing investments. BHAM is wholly owned by Blue Group (previously named Moontreasure Ltd). During the Relevant Period, Mr Taylor was its sole shareholder.

4.6. On 15 June 2023, BHAM entered into a discretionary investment management agreement with Client A for the management of the Bond Portfolio under which BHAM was responsible for appointing and instructing the custodian of the Bond Portfolio on behalf of Client A. During the Relevant Period BHAM had four clients, including Client A.

Proposed acquisition of Firm A

4.7. In or around November 2023, Mr Taylor began discussions for the acquisition of Firm A by Blue Group. An exclusivity period (starting at the date of the offer letter and ending on 28 February 2024) was contingent on Blue Group providing proof of funds for the acquisition within one working day of the completion of the offer letter.

4.8. The offer letter was completed on 5 December 2023. On 6 December 2023 BHAM provided to Firm A proof of funds in the form of an email from Ms Toni, Managing Director at BHAM. This email was copied to Mr Taylor and stated:

> *"I am instructed by my Chief Executive Paul Taylor to evidence sufficient Proof of Funds pursuant to clause 2 of the Offer Letter from our parent company Moontreasure Ltd dated 5 December…"*

4.9. BHAM's email attached an extract of BHAM's record of the Bond Portfolio showing a market value of over €200 million. BHAM described these as "*liquid assets*" and stated that these assets "*can be monetised at T+3 to fund the completion price of* [Firm A] *in the event that that occurs*."

4.10. Later the same day Firm A's CEO asked BHAM to confirm that the assets referred to were unencumbered and that the UBO was Moontreasure, explaining: "*given the regulator will ask me to attest to that I just wanted to ask to ensure belts and braces on it*". Despite the actual UBO being Client A, BHAM responded, stating:

> *"I can confirm these assets are unencumbered and the UBO is Moontreasure."*

4.11. In response to these representations Firm A confirmed that the proof of funds was sufficient for them to proceed into a period of exclusivity as referenced in the offer letter.

4.12. This exchange between Firm A and BHAM was sent and received by Ms Toni and copied to Mr Taylor and reflected conversations between Ms Toni and Mr Taylor at the time. Mr Taylor acknowledged the exchange and undertook to organise "*a deal team and agenda for Monday*".

4.13. Mr Taylor was aware at the time that this information would be provided to the Authorities for the purposes of assessing whether to grant a banking licence to Firm A, and that the source of funds of the proposed controller of Firm A would be of material significance to the Authorities for the purposes of that assessment.

4.14. In a subsequent response to an information requirement issued by the Authority, Mr Taylor said he never intended to use the Bond Portfolio to fund the acquisition: instead the information was provided "*to ensure exclusivity and to enable the acquisition to progress, in order to reach a stage where Mr Taylor would have access to alternative sources of funding to complete the acquisition*." In interview with the Authority Mr Taylor stated that "*It's common practice for people to purport to have funds to purchase businesses and then try to raise it subsequently.*"

Submission of the application by Firm A

4.15. On 13 May 2024, Firm A submitted an application to the PRA and the Authority for authorisation to carry on banking business. Firm A stated that details on the controller, and the controller of the controller, would be submitted separately.

4.16. On 15 May 2024, based on information in part provided by BHAM and Mr Taylor, Firm A submitted to the PRA and the Authority: (1) a notification form identifying Blue Group as the proposed corporate controller of Firm A, signed by Blue Group and Firm A ("the Corporate Controller Notification Form"); (2) a notification form identifying Mr Taylor as the proposed individual controller of Firm A, signed by Mr Taylor and Firm A ("the Individual Controller Notification Form"); and (3) a notification form in respect of Mr Taylor's proposed appointment as a non-executive director at Firm A, signed by Mr Taylor and Firm A.

4.17. The Corporate Controller Notification Form stated that the total cost of the acquisition of Firm A was £37 million, the funds for which were held in cash by the proposed controller (Blue Group). The Individual Controller Notification Form signed by Mr Taylor referred the Authorities to the Corporate Controller Notification Form where details of the funding for the acquisition, namely the Bond Portfolio, had been requested. Blue Group however did not have £37 million in cash available to it at that time.

4.18. Mr Taylor was aware that the false information provided to Firm A by BHAM was being used to inform the Corporate Controller Notification Form and the Individual Controller Notification Form provided to the Authorities because he had personally reviewed both forms before they were sent to Firm A.

4.19. On 15 May 2024, Firm A informed the PRA and the Authority that the following two further documents would be sent directly by the controller:

a) for the Individual Controller Notification Form, a statement of their financial position; and

b) for the Corporate Controller Notification Form, evidence of the source of funds for the acquisition.

Documentation to evidence the source of funds for the acquisition of Firm A

4.20. On 8 July 2024, Firm A provided BHAM with a list of questions relating to its notification to the Authorities, including questions asked by the Authorities concerning the source of funds for the proposed acquisition of Firm A.

4.21. On 21 July 2024 Mr Taylor emailed Ms Toni, stating:

> "[…] *we need two documents to satisfy proof of funds for this project.*
>
> *1. We need a standard nominee agreement between* [Client A] *and me stating that* [Client A] *are acting as nominees in relation to the* […] *account with number* […] *custodied by Blue Horizon. This should be dated just after the acquisition of Bolt and can reference Bolt Markets Ltd as the custodian as this will look more authentic. We can prove the name change later.*
> *2. A letter from* [Client A] *set out on* [Client A] *paper signed by* [the CEO of Client A] *as drafted as below"*

4.22. Mr Taylor's email then set out draft text for a letter from the CEO of Client A to Mr Taylor, which stated that Mr Taylor had held an account with Client A for the past five years and that they held him "*in the utmost good standing*", that Mr Taylor had been onboarded as a professional client and that "*all checks were undertaken including AML and proof of funds in accordance with* [Client A's] *compliance protocols*". The text stated that Client A acted as nominees for Mr Taylor in relation to the Bond Portfolio, which was custodied by BHAM.

4.23. On 22 July 2024, Ms Toni, using a pre-existing letter signed by the CEO of Client A, created a letter of good standing from Client A to Mr Taylor incorporating the text provided by Mr Taylor on 21 July (see paragraph 4.22 above).

4.24. On 22 July 2024, Ms Toni emailed to Mr Taylor, using non-BHAM email addresses, an undated and unsigned nominee agreement between Mr Taylor and Client A.

This agreement was later backdated to 12 January 2022 and signed by Mr Taylor; and Ms Toni copied and pasted a copy of the signature of the CEO of Client A to the signature page.

4.25. Later, on 22 July 2024, Ms Toni emailed Mr Taylor three documents using non-BHAM email addresses:

a) the letter of good standing created by Ms Toni, dated 22 July 2024, purporting to be from Client A, copying the text provided by Mr Taylor in his email from the previous day;

b) the falsified nominee agreement (entitled a 'Relationship Agreement') between Paul Vincent Taylor and Client A, dated 12 January 2022; and

c) A 'New Transaction History' for the account holding the Bond Portfolio dated 12 June – 10 July 2022.

4.26. The letter of good standing and the nominee agreement included an erroneous account prefix that Mr Taylor provided in his email of 21 July 2024.

4.27. On 22 July 2024, Mr Taylor sent the documents provided by Ms Toni to Firm A.

4.28. On receipt of the documents, Firm A decided to make enquiries with Client A's CEO. This prompted Mr Taylor to call Client A's CEO and ask him to confirm the letter by email to Firm A, which Client A's CEO did without seeing the letter.

4.29. The contents of the letter of good standing and nominee agreement were false in several respects, specifically:

a) Mr Taylor had not provided Client A with proof of funds;

b) Client A did not act as nominees for Mr Taylor in relation to the account holding the Bond Portfolio; and

c) The actual UBO of the Bond Portfolio was Client A, not Mr Taylor.

4.30. On 25 July 2024, Firm A informed the Authorities that Blue Group would no longer be the proposed corporate controller and that it would be resubmitting new forms relating to a new corporate controller, with the same individual controller. The next day, Firm A informed the Authorities that the acquiring entity would be Holding Company A, a holding company to be incorporated overseas through which Mr Taylor would make his investment.

4.31. On 26 and 30 July 2024, Firm A sent the documentation provided by Mr Taylor to the Authorities as evidence of the source of funds for the acquisition of Firm A by Holding Company A.

Further representations to the Authority

4.32. On 7 October 2024, as part of the ongoing email exchanges between BHAM and the Authority regarding the proposed controller of Firm A, the Authority asked BHAM:

"Do you know who the ultimate beneficial owners of the bond portfolio held within [Client A] *are? If yes, please can you provide us with their names."*

4.33. Whilst Mr Taylor was not responsible for the correspondence with the Authority, he was copied into this email exchange. In response Mr Taylor emailed a colleague at BHAM on 7 October 2024, advised them to be careful, and said:

"Please help me to keep this tight and provide the right answer."

4.34. In referring to "*the right answer*" in his email, Mr Taylor was referring to the false representations which had been made up to that point regarding his ownership of the Bond Portfolio.

4.35. After face-to-face discussions between Mr Taylor and colleagues, and the exchange of a draft response, on 14 October BHAM responded to the Authority as follows:

"[Client A] *are the legal owners of these government bonds held within the mandate. The account is legally owned by* [Client A] *held under a nominee agreement with the ultimate beneficial owner being Paul Taylor the founder of Blue Horizon. Full backing documentation of this agreement has been sent to your colleagues at the FCA / PRA as part of the KYC / AML requests for Paul's takeover of* [Firm A] *and can be re sent if required."*

4.36. On 18 October 2024, the Authority posed further questions to BHAM, including:

"Please provide any KYC [Know Your Client] *carried out by Blue Horizon Asset Management on Paul Vincent Taylor as ultimate beneficial owner of the bond portfolio held with* [Client A]*."*

4.37. On 25 and 28 October 2024, Firm A informed the PRA and the Authority respectively that it had decided to no longer proceed with the proposed acquisition by Holding Company A due to the failure of Mr Taylor to provide the necessary information to complete the Authority's assessment.

4.38. On 29 October 2024, Mr Taylor emailed colleagues with a draft email to be sent to the Authority: this stated that the information provided by Mr Taylor to BHAM in connection with a source of funds inquiry, which was in turn conveyed to Client A, was incorrect, and that BHAM's response to the questions asked by the Authority was also incorrect. Mr Taylor emailed his colleagues again on 30 October 2024 advising them that the text he provided would be subject to revision.

4.39. On 30 October 2024, BHAM emailed the Authority with the text provided by Mr Taylor, including:

"… Earlier today I was informed by its CEO, Paul Taylor, that the firm's response of 14 October 2024 to the FCA confirming Mr Taylor as the UBO of the bond portfolio held with [Client A] *was incorrect.*

"I would ask you to bear with us while we ascertain further details, but until I do so it would not be appropriate for the firm to answer the further questions asked. The firm is taking this matter very seriously and is

engaging independent external advice. We remain mindful of our obligations under both PRIN 11 and SUP 15..."

4.40. Following the disclosure to the Authority, Mr Taylor and BHAM arranged for an independent law firm to conduct an investigation. Mr Taylor stood down as CEO during that investigation, did not participate in it, and, on 17 January 2025, resigned as CEO from BHAM and Blue Group.

4.41. On 24 January 2025, in response to an information requirement from the Authority, Mr Taylor admitted to making representations to Firm A which were not correct and to later creating documents which purported to support these representations.

4.42. Mr Taylor subsequently admitted in a compelled interview with the Authority, in October 2025, that he had been dishonest in relation to the misrepresentations he had knowingly made about ownership of the Bond Portfolio, that he had deliberately misled Firm A and the Authorities, and that he had demonstrated a lack of integrity.

Proposed acquisition of Reading Football Club

4.43. On 3 July 2024, Mr Taylor sent a letter to the owners of RFC, with a proposal for Blue Group and its subsidiary BHAM to acquire the entire share capital of Reading Football Club Group. In his letter Mr Taylor stated, "[…] *we confirm we have the liquid assets or cash in place to make this investment and are not reliant on external sources of funding*". This was notwithstanding that neither Blue Group nor BHAM had liquid assets or cash in place to make the investment at that time.

4.44. On 29 August 2024, a representative of BHAM sent an email to RFC to provide proof of funds for the acquisition, referring to "*liquid assets of circa 200M*" contained in the Bond Portfolio. The email attached a copy of a Position Appraisal for the account holding the Bond Portfolio dated 11 July 2024, together with purported confirmation of Mr Taylor's "*100% ownership*". Mr Taylor had provided the information in that email to the BHAM representative and had authorised its provision to RFC, together with the Position Appraisal.

4.45. Mr Taylor made these false statements intending to represent to RFC that he was the owner of the Bond Portfolio.

4.46. Mr Taylor withdrew from the proposed acquisition of RFC in November 2024 and the acquisition did not proceed.

4.47. Mr Taylor subsequently told the Authority in response to an information requirement, in November 2025, that he had made these false statements: "*as an expedient to progress matters to the next stage where alternative funding from legitimate sources would be available…*".

5. FAILINGS

5.1. The regulatory provisions relevant to this Notice are referred to in Annex A.

Breach of Individual Conduct Rule 1

5.2. ICR 1 required Mr Taylor to act with integrity in carrying out his SMF1 and SMF3 senior management functions at BHAM.

5.3. The Authority considers that during the Relevant Period, Mr Taylor acted dishonestly and failed to act with integrity while performing his SMF1 (Chief Executive) and SMF3 (Executive Director) functions at BHAM and that he thereby breached ICR 1.

5.4. In particular, during the course of his attempted acquisition of Firm A, Mr Taylor:

a) knowingly made, or caused to be made, false and misleading statements to Firm A regarding the proof of funds required for the acquisition, by representing that he was the UBO of the Bond Portfolio;

b) knowingly made, or caused to be made, false and misleading statements to the Authorities regarding the proof of funds required for the acquisition, by representing that he was the UBO of the Bond Portfolio; and

c) falsified, or caused to be falsified, documents supporting the false and misleading statements set out at (a) and (b) above, which he provided to Firm A, knowing that those documents would be submitted to the Authorities.

5.5. Furthermore, during the course of his attempted acquisition of RFC, Mr Taylor knowingly made, or caused to be made, false and misleading statements to RFC regarding the funds available to Blue Group and BHAM to acquire the club, by representing that he was the UBO of the Bond Portfolio.

Lack of Fitness and Propriety

5.6. The Authority considers that based on the matters set out at paragraphs 5.2 to 5.5 above, Mr Taylor acted dishonestly and with a lack of integrity and failed to comply with ICR 1 and so is not a fit and proper person.

6. SANCTION

6.1. The Authority's policy for imposing a financial penalty is set out in Chapter 6 of DEPP. In respect of conduct occurring on or after 6 March 2010, the Authority applies a five-step framework to determine the appropriate level of financial penalty. DEPP 6.5B sets out the details of the five-step framework that applies in respect of financial penalties imposed on individuals in non-market abuse cases.

Step 1: disgorgement

6.2. Pursuant to DEPP 6.5B.1G, at Step 1 the Authority seeks to deprive an individual of the financial benefit derived directly from the breach where it is practicable to quantify this.

6.3. The Authority has not identified any financial benefit that Mr Taylor derived directly from the breach.

6.4. Step 1 is therefore £0.

Step 2: the seriousness of the breach

6.5. Pursuant to DEPP 6.5B.2G, at Step 2 the Authority determines a figure that reflects the seriousness of the breach. That figure is based on a percentage of the individual's relevant income. The individual's relevant income is the gross amount of all benefits received by the individual from the employment in connection with which the breach occurred, and for the period of the breach.

6.6. Mr Taylor's breach lasted less than 12 months. Accordingly, Mr Taylor's relevant income for the purpose of Step 2 is that which he earned in the 12 month period preceding the end of the breach, being the period 31 October 2023 to 30 October 2024 (DEPP 6.5B.2G(2)). The Authority considers Mr Taylor's relevant income for this period to be £582,188.58.

6.7. In deciding on the percentage of the relevant income that forms the basis of the step 2 figure, the Authority considers the seriousness of the breach and chooses a percentage between 0% and 40%. This range is divided into five fixed levels which represent, on a sliding scale, the seriousness of the breach; the more serious the breach, the higher the level. For penalties imposed on individuals in non-market abuse cases there are the following five levels:

a) Level 1 – 0%
b) Level 2 – 10%
c) Level 3 – 20%
d) Level 4 – 30%
e) Level 5 – 40%

6.8. In assessing the seriousness level, the Authority takes into account various factors which reflect the impact and nature of the breach, and whether it was committed deliberately or recklessly. DEPP 6.5B.2G(12) lists factors likely to be considered 'level 4 or 5 factors'.

<u>Impact of the breach</u>

6.9. Although Mr Taylor gained no monetary benefit as a result of his breach, his actions provided him with a commercial advantage over other potential buyers of Firm A as a result of him securing an exclusive right to pursue the acquisition and to gain access to commercially sensitive information not otherwise available to him. This meant that Firm A was not permitted to pursue rival bids (DEPP 6.5B.2G(8)(a)).

Nature of the breach

6.10. Mr Taylor continued to seek to mislead Firm A and the Authorities for 11 months, repeating his misleading claim to be the UBO of the Bond Portfolio. He also made, or caused to be made, similar false and misleading statements to RFC (DEPP 6.5B.2G(9)(b)).

6.11. Mr Taylor failed to act with integrity during the Relevant Period in that he acted dishonestly when knowingly making false and misleading statements to colleagues at BHAM and to Firm A, which he knew would be made to the Authorities (DEPP 6.5B.2G(9)(e)).

6.12. Mr Taylor abused a position of trust as a senior company officer abusing his position as custodian for the bondholder's portfolio for his own unlawful purposes, and his position of trust as a holder of a senior management function and company officer in relation to providing information that would be considered *prima facie* as accurate and truthful (DEPP 6.5B.2G(9)(f)).

6.13. Mr Taylor was an experienced industry professional, having worked in financial services since 1980 (DEPP 6.5B.2G(9)(j)).

6.14. In addition, Mr Taylor committed his breach whilst he held senior positions at BHAM, namely the SMF1 (Chief Executive) and SMF3 (Executive Director) senior management functions (DEPP 6.5B.2G(9)(k)).

Whether the breach was deliberate

6.15. DEPP 6.5B.2G(10) lists factors tending to show that the breach was deliberate, of these the Authority considers that Mr Taylor's breach was intentional in that he intended to mislead others (DEPP 6.5B.2G(10)(a)), he took his actions with the intention of benefiting financially from the breach by securing the opportunity to acquire Firm A (DEPP 6.5B.2G(10)(b)), he created or caused to be created falsified documents to support his false and misleading statements (DEPP 6.5B.2G(10)(d)) and his actions were repeated (DEPP 6.5B.2G(10)(h)).

Level of Seriousness

6.16. DEPP 6.5B.2G(12) lists factors likely to be considered 'level 4 factors' or 'level 5 factors'. Of these, the Authority considers the following factors to be relevant:

a) the breach created a significant risk that financial crime would be facilitated, occasioned or otherwise occur (DEPP 6.5B.2G(12)(c)), namely fraud;

b) Mr Taylor failed to act with integrity (DEPP 6.5B.2G(12)(d));

c) Mr Taylor abused a position of trust (DEPP 6.5B.2G(12)(e)) in abusing the position of BHAM, of which he was a senior company officer, as investment manager of the Bond Portfolio on behalf of Client A and his position of trust as a holder of a senior management function and company officer in relation to providing information that would be considered *prima facie* as accurate and truthful; and

d) Mr Taylor committed the breach deliberately (DEPP 6.5B.2G(12)(g)).

6.17. DEPP 6.5B.2G(13) lists factors likely to be considered 'level 1 factors', 'level 2 factors' or 'level 3 factors'. Of these, the Authority considers the following factor to be relevant:

a) little, or no, profits were made or losses avoided as a result of the breach, either directly or indirectly (DEPP 6.5B.2G(13)(a)).

6.18. Taking all of these factors into account, the Authority considers the seriousness of the breach to be level 5 and so the Step 2 figure is 40% of £582,188.58.

6.19. Step 2 is therefore £232,875.43.

Step 3: mitigating and aggravating factors

6.20. Pursuant to DEPP 6.5B.3G, at Step 3 the Authority may increase or decrease the amount of the financial penalty arrived at after Step 2, but not including any amount to be disgorged as set out in Step 1, to take into account factors which aggravate or mitigate the breach.

6.21. The Authority considers that there are no aggravating or mitigating factors.

6.22. Step 3 is therefore £232,875.43.

Step 4: adjustment for deterrence

6.23. Pursuant to DEPP 6.5B.4G, if the Authority considers the figure arrived at after Step 3 is insufficient to deter the individual who committed the breach, or others, from committing further or similar breaches, then the Authority may increase the penalty.

6.24. The Authority considers that the Step 3 figure of £232,875.43 is unlikely to send a credible message of deterrence to either Mr Taylor or to others. The Authority has therefore decided to apply an uplift to the financial penalty to achieve credible deterrence. The Authority considers this to be appropriate given that:

a) the absolute value of the penalty is too small in relation to the seriousness, nature and impact of the breach to meet the Authority's objective of credible deterrence. In attempting to obtain access to the UK banking system by dishonestly making false and misleading statements and providing falsified documentation in the acquisition of Firm A, Mr Taylor risked undermining the integrity of the UK financial system and created a significant risk that financial crime would occur, namely fraud. Reducing and preventing financial crime is one of the Authority's key priorities, in furtherance of its objective of protecting and enhancing the integrity of the UK financial system (DEPP 6.5B.4G(1)(a));

b) the Authority considers it is likely that similar breaches will be committed by Mr Taylor or other individuals in the future absent an appropriate increase in the penalty (DEPP 6.5B.4G(1)(c)). Mr Taylor in particular stated that in his experience it was "*common practice for people to purport to have funds to purchase businesses and then try to raise it subsequently*." The Authority therefore considers that he is unlikely to appreciate that such conduct is unacceptable absent an appropriate increase in the penalty. This is further evidenced by his separate dishonest statements when seeking to purchase RFC during the Relevant Period; and

c) Mr Taylor owns assets of high value and a penalty based on his relevant income alone will not act as a sufficient deterrent (DEPP 6.5B.4G(1)(e)).

6.25. Taking all of the above factors into account, the Authority considers it appropriate to increase the Step 4 figure by a multiple of 3.

6.26. Step 4 is therefore £698,626.29.

Step 5: settlement discount

6.27. Pursuant to DEPP 6.5B.5G, if the Authority and the individual on whom a penalty is to be imposed agree the amount of the financial penalty and other terms, DEPP 6.7 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which the Authority and the individual reached agreement. The settlement discount does not apply to the disgorgement of any benefit calculated at Step 1.

6.28. The Authority and Mr Taylor reached agreement at Stage 1 and so a 30% discount applies to the Step 4 figure.

6.29. Step 5 is therefore £489,038.40, which rounded down to the nearest £100 is £489,000.

Penalty

6.30. The Authority hereby imposes a total financial penalty of £489,000 on Mr Taylor for breaching Individual Conduct Rule 1 of COCON.

Prohibition Order

6.31. The Authority has the power to prohibit individuals under section 56 of the Act. The Authority has had regard to the guidance at Chapter 5 of the Enforcement Guide and FIT 1.3 and 2 of the Handbook, including the criteria at ENFG 5.3.2G and FIT 2.1.3G in considering whether to impose a prohibition order on Mr Taylor.

6.32. In considering whether to impose a prohibition order, the Authority has had regard to all relevant circumstances of the case. In particular, the Authority has considered Mr Taylor's fitness and propriety with regard to his integrity.

6.33. The Authority considers that Mr Taylor acted without integrity and dishonestly by making false and misleading statements and providing falsified documentation during the separate commercial negotiations to acquire Firm A and Reading Football Club. Mr Taylor took these steps in both sets of negotiations for commercial gain. During his attempted acquisition of Firm A, Mr Taylor intended to mislead the Authority and the PRA, knowing that the false and misleading information and documents he had provided to Firm A would be provided to the Authorities. He failed to correct his false and misleading statements for a period of approximately 11 months, until his dishonest conduct became unsustainable. This was despite his awareness that the source of funds of the proposed controller of Firm A would be of material significance to the Authorities.

6.34. Where a senior manager fails to act with integrity and in a way that risks causing harm to the UK financial system, there is a substantial risk of harm to market integrity as such conduct undermines confidence in the financial system.

6.35. Given the nature of the failings described in this Notice, the Authority considers that Mr Taylor is not a fit and proper person to perform any function in relation to any regulated activity carried on by an authorised or exempt person or exempt professional firm. The Authority has decided that, to advance its market integrity objective, and given the risk posed to that objective, it is appropriate and proportionate in all the circumstances to prohibit Mr Taylor from performing any such function.

7. PROCEDURAL MATTERS

7.1. This Notice is given to Mr Taylor under, and in accordance with, section 390 of the Act. The following statutory rights are important.

Decision maker

7.2. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

Manner and time for payment

7.3. The financial penalty must be paid in full by Mr Taylor to the Authority no later than 8 February 2027.

If the financial penalty is not paid

7.4. If all or any of the financial penalty is outstanding on 9 February 2027, the Authority may recover the outstanding amount as a debt owed by Mr Taylor and due to the Authority.

Publicity

7.5. 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 Authority must publish such information about the matter to which this notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

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

Authority contacts

7.7. For more information concerning this matter generally, contact Roshani Pulle at the Authority (direct line: 020 7066 6241/email: Roshani.Pulle3@fca.org.uk).

Anthony Williams

Head of Department
Financial Conduct Authority, Enforcement and Market Oversight Division

ANNEX A

RELEVANT STATUTORY AND REGULATORY PROVISIONS

1. RELEVANT STATUORY PROVISIONS

1.1 The Authority's statutory objectives, set out in section 1B(3) of the Act, include the operational objective of securing an appropriate degree of protection and enhancement of the integrity of the UK financial system (Section 1D).

1.2 Section 66 of the Act provides that the Authority may take action against a person if it appears to the Authority that he is guilty of misconduct, and the Authority is satisfied that it is appropriate in all the circumstances to take action against him. A person is guilty of misconduct if, while an approved person, he has failed to comply with a statement of principle issued under section 64 of the Act or has been knowingly concerned in a contravention by a relevant authorised person of a relevant requirement imposed on that authorised person.

1.3 Section 56 of the Act provides that the Authority may make an order prohibiting an individual from performing a specified function, any function falling within a specified description or any function, if it appears to the Authority that that individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person, exempt person or a person to whom, as a result of Part 20, the general prohibition does not apply in relation to that activity. Such an order may relate to a specified regulated activity, any regulated activity falling within a specified description, or all regulated actives.

2. RELEVANT REGULATORY PROVISIONS

Code of Conduct

2.1 The Authority's Code of Conduct (COCON) has been issued under section 64A of the Act.

2.2 COCON applies to the persons set out in COCON 1.1.2R. This includes an SMF Manager (which includes a designated senior management function as defined in the Handbook) of an Authority-authorised firm from 9 December 2019 onwards.

2.3 Individual Conduct Rule 1 (COCON 2.1.1R) states that you must act with integrity.

The Fit and Proper Test for Approved Persons

2.4 The part of the Authority's Handbook entitled "The Fit and Proper Test for Employees and Senior Personnel" ("FIT") sets out the criteria that the Authority will consider when assessing the fitness and propriety of a candidate for a controlled function. FIT is also relevant in assessing the continuing fitness and propriety of an approved person.

2.5 FIT 1.3.1G states that the Authority will have regard to a number of factors when assessing the fitness and propriety of a person. The most important considerations will be the person's honesty, integrity and reputation, competence and capability and financial soundness.

2.6 FIT 2.1.3G contains a non-exhaustive list of matters which the Authority will have regard to when determining a person's honesty, integrity and reputation.

The Authority's policy for exercising its power to make a prohibition order

2.7 The Authority's policy in relation to prohibition orders is set out in Chapter 5 of The Enforcement Guide ("ENFG").

2.8 ENFG 5.1.1G states that the Authority may exercise this power where it considers that, to achieve any of its objectives, it is appropriate either to prevent an individual from performing any functions in relation to regulated activities or to restrict the functions which they may perform.

DEPP

2.9 Chapter 6 of DEPP sets out the Authority's statement of policy with respect to the imposition and amount of financial penalties under the Act.