



Financial Services Authority

FINAL NOTICE

To: **Charles Pemberton Limited**

Of: **286c Chase Road
Southgate
London
N14 6HF**

Dated: **11 May 2005**

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (“the FSA”) gives Charles Pemberton Limited (“CPL”), final notice about a decision to cancel its permission to carry on regulated activities.

1. ACTION

The FSA gave CPL a Decision Notice on 4 April 2005 (“the Decision Notice”) which notified CPL that for the reasons given below and pursuant to section 45 of the Financial Services and Markets Act 2000 (“the Act”), the FSA had decided to cancel the permission granted to CPL, pursuant to Part IV of the Act (“CPL’s Part IV permission”).

CPL has not referred the matter to the Financial Services and Markets Tribunal within 28 days of the date on which the Decision Notice was given to it. Accordingly, the FSA has today cancelled CPL’s Part IV permission.

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2. REASONS FOR ACTION

On the basis of the facts and matters and the conclusions described in its Warning Notice dated 24 February 2005 (“the Warning Notice”) (an extract from which is attached and forms part of this Final Notice) and in the Decision Notice, it appears to the FSA that CPL is failing to satisfy the threshold conditions set out in Schedule 6 to the Act, in that, in the opinion of the FSA, CPL appears to be failing to meet the financial requirements imposed on it by Chapter 13 in the Interim Prudential Sourcebook for Investment Businesses, of the FSA Rules (“IPRU(INV”). Specifically, CPL has failed to meet its liabilities as they have fallen due and has not provided evidence that it is meeting the own funds requirement applicable to it.

3. IMPORTANT

This Final Notice is given to you in accordance with section 390(1) of the Act.

Publicity

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 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 CPL or prejudicial to the interests of consumers.

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

FSA Contact

For more information concerning this matter generally, you should contact Andrew Wilson at the FSA (direct line: 020 7066 5170 /fax: 020 7066 9720).

John Kirby
Manager – FSA Enforcement Division

EXTRACT FROM WARNING NOTICE DATED 24 FEBRUARY 2005

REASONS FOR PROPOSED ACTION

Facts and matters relied on

CPL is a category B3 personal investment firm which acts as an independent financial adviser. As such it must comply with the financial resources requirement in FSA Rule 13.10.1 in the Interim Prudential Sourcebook: Investment Businesses, in that its own funds must at all times be at least £10,000. Under FSA Rule 13.1.4, CPL is also subject to an additional requirement of £18,000 of own funds, because of the level of excess in the terms of its professional indemnity insurance policy and the requirements detailed in Table 13.1.4.(12). These additional own funds must be held in a readily realisable form. CPL is therefore required to hold at least £28,000 of own funds in order to meet its financial resources requirement.

CPL is also subject to a requirement in Rule 13.1.2(2) to be able to meet its liabilities as they fall due.

CPL's last audited accounts for the year ended 30 April 2003 show that it had negative net assets of £94,229, at that date. A further deduction of CPL's intangible assets shows the firm had negative own funds of £99,965, a deficit of £127,965 against the own funds requirement under Rule 13.10.1. CPL stated to the FSA in August 2004 that its own funds at 30 April 2004 were £83,000, but has failed to provide evidence to support that statement.

A request by the FSA for fees of £11,490.90, due for payment by 31 August 2004 through a direct-debit arrangement, was refused by the Firm's bankers. The Firm then paid £5,000 on 16 November 2004 in part settlement and stated that it would settle the balance of £6,490.90 on 30 November 2004. The cheque given to the FSA by the Firm to settle the balance was not honoured. The balance remains unpaid.

The Firm has provided no further evidence or assurance to the FSA that the financial position of the Firm is in any way improved from the position shown by its latest audited accounts as at 30 April 2003.

The FSA has obtained information that indicates there are currently 4 County Court Judgments outstanding against CPL totalling £11,548 and that there is a High Court petition to wind up the Firm pending.

Conclusions

The facts and matters described above lead the FSA, having regard to its regulatory objectives, to the following conclusion. CPL, by failing to comply with the regulatory capital requirements applying to it, has failed to demonstrate to the FSA that it has sufficient capital to run its affairs or to wind down its business in an orderly fashion if

it were to cease trading. CPL therefore fails to satisfy Threshold Condition 4: Adequate Resources. These failures are material to the regulated activities for which CPL has permission.