
FINAL NOTICE

To: **Red Carpet Estates**

Of: **62 Grants Close
London
NW7 1DE**

FSA
Reference
Number: **315186**

Dated: **28 October 2009**

TAKE NOTICE: The Financial Services Authority (the "FSA") of 25 The North Colonnade, Canary Wharf, London E14 5HS gives Red Carpet Estates final notice about a decision to cancel the permission granted to RCE to carry on regulated activities

1. ACTION

- 1.1 The FSA gave Red Carpet Estates ("RCE") a Decision Notice on 18 September 2009 (the "Decision Notice"), which notified RCE 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 RCE pursuant to Part IV of the Act ("RCE's Part IV permission").
- 1.2 RCE was informed of its statutory right to make a reference to the Financial Services and Markets Tribunal, but it has not referred the Decision Notice to the Tribunal within 28 days of the date on which the Decision Notice was given to RCE. Accordingly, the FSA has today cancelled RCE's Part IV permission.

2. REASONS FOR ACTION

- 2.1 The FSA has concluded, on the basis of the facts and matters and conclusions described in its Warning Notice dated 30 July 2009 (an extract from which is attached and forms part of this Final Notice), and in the Decision Notice, that RCE is failing to

satisfy the threshold conditions set out in Schedule 6 of the Act (the "Threshold Conditions").

- 2.2 RCE's failures, which are significant in the context of RCE's suitability, lead the FSA to conclude that RCE is not conducting its business soundly and prudently, and in compliance with proper standards, that it is not a fit and proper person, and that it is therefore failing to satisfy the Threshold Conditions in relation to the regulated activities for which it has Part IV permission.

3. DECISION MAKER

- 3.1 The decision which gave rise to the obligation to issue this Final Notice was taken by the Regulatory Decisions Committee.

4. IMPORTANT

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

Publicity

- 4.2 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 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 RCE or prejudicial to the interests of consumers.
- 4.3 The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

FSA Contact

- 4.4 For more information concerning this matter generally, you should contact Martin Badcock at the FSA (direct line: 020 7066 1560/fax: 020 7066 1561).

John Kirby
FSA Enforcement and Financial Crime Division

**EXTRACT FROM THE WARNING NOTICE DATED 30 JULY 2009 ISSUED TO
RED CARPET ESTATES**

“2. REASONS FOR PROPOSED ACTION

Summary

- 2.1 The FSA has concluded, on the basis of the facts and matters described below, that RCE is failing to satisfy the Threshold Conditions set out in Schedule 6 to the Act (the "Threshold Conditions") in that the FSA is not satisfied that RCE is a fit and proper person having regard to all the circumstances, including the need to ensure that its business is conducted soundly and prudently. This is because RCE has repeatedly failed to comply with the regulatory requirement to submit Retail Mediation Activities Returns ("RMAR") to the FSA promptly. RCE has been referred to the FSA's Enforcement Division ("Enforcement") on three separate occasions for this failing. In addition, RCE has repeatedly failed to submit accurate financial information in its RMARs and failed to comply promptly or fully with FSA requests for additional supporting material. RCE has been given ample opportunity to provide accurate financial information but has not done so. RCE has thereby failed to comply with Principle 11 of the FSA's Principles for Businesses under which firms must deal with the FSA in an open and co-operative way.

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Facts and matters relied on

- 2.21 RCE has been authorised since 8 March 2005 to carry on general insurance mediation business.
- 2.22 Despite repeated warnings from the FSA, particularly as to the consequences of being referred to Enforcement for the third time, RCE has persisted in failing to submit RMARs to the FSA promptly. RCE has been referred to Enforcement in February 2007, February 2008 and March 2009 for this failing. On the first and second referrals to Enforcement, no further regulatory enforcement action was taken upon submission of the RMAR. Following the most recent referral to Enforcement, RCE submitted the RMARs for the periods ended 30 September 2008 (almost five months after the due date) and 31 March 2009, but has yet to submit the RMAR for the period ended 31 March 2008 (which is now more than 12 months overdue), despite repeated requests by the FSA.
- 2.23 In addition, the financial information submitted by RCE in its last four RMARs (for the periods ended 31 March 2007, 30 September 2007, 30 September 2008 and 31 March 2009) has shown material inconsistencies between the periods. The FSA is not satisfied that the information provided in the RMARs is an accurate representation of RCE's financial position at the respective dates. RCE has been asked repeatedly by the FSA to provide evidence to support the financial information submitted in the RMARs but, with the exception of management accounts as at 31 March 2007, RCE has failed to do so.

Conclusions

2.24 The facts and matters described above lead the FSA, having regard to its regulatory objectives, to the following conclusions:

- RCE has repeatedly failed to comply with rules that require it to submit the RMAR to the FSA by the due date, including the RMAR for the period ended 31 March 2008, which remains outstanding;
- RCE has repeatedly failed to comply with the rules which require it to provide accurate financial information to the FSA in its RMARs;
- RCE has not been open and co-operative in all its dealings with the FSA, in that it has generally ignored requests by the FSA to comply with the requirement to submit the RMAR promptly and only made attempts to comply after formal regulatory enforcement action has been initiated, and it has failed to provide evidence to support the financial information submitted in its RMARs, despite repeated requests by the FSA that it do so;
- RCE has therefore failed to comply with Principle 11 of the FSA's Principles for Businesses, and has failed to satisfy the FSA that it is ready, willing and organised to comply with the requirements and standards under the regulatory system;
- RCE has also failed to satisfy the FSA that it is conducting its business soundly and prudently in compliance with proper standards or that it is a fit and proper person having regard to all the circumstances. These failures are significant in the context of its suitability; and
- RCE is therefore failing to satisfy the Threshold Conditions in relation to RCE's permission."

END OF EXTRACT