
FINAL NOTICE

To: **James Duncan Richardson**

Of: **Insure & Go Insurance Services Limited (Insure & Go)**

Date of birth: **28 January 1973**

Date: **13 December 2007**

TAKE NOTICE: The Financial Services Authority (the FSA) of 25 The North Colonnade, Canary Wharf, London E14 5HS gives you final notice about an order prohibiting you from performing significant influence functions in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm.

1. ACTION

- 1.1. The FSA gave you a Decision Notice dated 13 December 2007 which notified you that, for the reasons set out in that Notice, pursuant to section 56 of the Financial Services and Markets Act 2000 (the Act) the FSA had decided to make an order prohibiting you, James Duncan Richardson, from performing significant influence functions in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm.
- 1.2. You have 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 you.
- 1.3. Accordingly, for the reasons set out below, the FSA hereby makes an order pursuant to section 56 of the Act prohibiting you from performing significant influence functions in relation to any regulated activity carried on by any authorised person. This order has effect from 14 December 2007.

2. REASONS FOR THE ORDER

- 2.1. On the basis of the facts and matters described below, you are not fit and proper to perform significant influence functions in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm and should be prohibited from doing so.
- 2.2. The particulars are that you:
- (1) failed to comply with Statement of Principle 1 (Integrity) of the FSA's Statements of Principle for Approved Persons by attempting to mislead the FSA during the course of its investigation into Insure & Go; and
 - (2) failed to be candid in your dealings with Insure & Go's former auditors¹ prior to becoming an approved person about the same matter.
- 2.3. You pose a risk to the FSA's statutory objective of maintaining confidence in the financial system and are no longer able to satisfy the FSA of your ability to comply with regulatory requirements, professional obligations and ethical standards and the FSA considers that a prohibition is appropriate. Notwithstanding this finding, the FSA is satisfied that the conduct in issue has not prejudiced the interests of consumers.

3. RELEVANT STATUTORY AND REGULATORY PROVISIONS

- 3.1. Section 56 of the Act provides:

"If it appears to the Authority that an individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person [...] the Authority may make an order ('a prohibition order') prohibiting the individual from performing a specified function, any function falling within a specified description or any function"

- 3.2. The FSA's Statements of Principle and Code of Practice for Approved Persons (APER) constitute requirements imposed on approved persons under section 64 of the Act.

- 3.3. Statement of Principle 1 provides:

"An approved person must act with integrity in carrying out his controlled function."

¹ Any reference to "auditors" in this Notice, unless otherwise specified, refers to the former auditors of Insure & Go who resigned in April 2006.

4. RELEVANT REGULATORY AND ENFORCEMENT GUIDANCE

- 4.1. In exercising its powers in relation to the making of a prohibition order the FSA has had regard to the guidance published in the FSA Handbook.
- 4.2. The FSA has had regard to APER in relation to Statement of Principle 1 and in particular to APER 4.1.
- 4.3. APER 4.1.3E provides that, deliberately misleading (or attempting to mislead) the FSA by act or omission falls within APER 4.1.2E and is conduct which does not comply with Statement of Principle 1. APER 4.1.4E provides that conduct referred to in APER 4.1.3E includes, but is not limited to, providing false or inaccurate information to the FSA.
- 4.4. Guidance on the use of the FSA's power to prohibit individuals who are not fit and proper from carrying out functions in relation to regulated activities is set out at Chapter 9 of the Enforcement Guidance manual (EG). EG 9.4 provides guidance on the range of prohibition orders the FSA may make and states that the FSA may limit the prohibition order to specific functions.
- 4.5. EG 9.5 states that the scope of the order will depend on the range of functions the individual carries out, the reasons why he is not fit and proper and the severity of the risk he poses to consumers or the market generally.
- 4.6. EG 9.9 contains examples of relevant criteria which the FSA will take into account when exercising its power to make a prohibition order against an approved person. These include (amongst others):
 - (1) whether the individual is fit and proper to perform functions in relation to regulated activities;
 - (2) whether, and to what extent, the approved person has failed to comply with the Statements of Principle issued by the FSA with respect to the conduct of approved persons;
 - (3) the relevance and materiality of any matters indicating unfitness;
 - (4) the length of time since the occurrence of any matters indicating unfitness; and
 - (5) the particular controlled function the approved person is (or was) performing.
- 4.7. The criteria for assessing the fitness and propriety of approved persons are set out in FIT 1.3.1G. The FSA will have regard to a number of factors when assessing the fitness and propriety of a person to perform a particular controlled function. The most important considerations will be the person's:

- (1) honesty, integrity and reputation;
- (2) competence and capability; and
- (3) financial soundness.

4.8. FIT 2.1 sets out the matters the FSA will have regard to in determining a person's honesty, integrity and reputation. These include (amongst others):

- (1) whether the person has contravened any of the requirements or standards of the regulatory system or the equivalent standards or requirements of other regulatory authorities (including a previous regulator); and
- (2) whether in the past, the person has been candid and truthful in all his dealing with any regulatory body and whether the person demonstrates a readiness and willingness to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards.

5. BACKGROUND

- 5.1. Insure & Go is a medium-sized general insurance intermediary providing travel and other general insurance products to consumers via the internet and telephone. It was set up by you and Perry Wilson in August 2000, began trading on 1 January 2001 and has since grown rapidly (gross premiums were approximately £50 million for the period 2005 to 2006).
- 5.2. You and Mr Wilson are the majority shareholders and were the only directors until 16 February 2007. You performed the controlled functions of Director (CF1), Chief Executive (CF3) and held joint responsibility for Apportionment and Oversight (CF8) with Mr Wilson until 3 July 2007.
- 5.3. The FSA appointed investigators to investigate Insure & Go on 30 September 2005, as a result of issues identified during visits by FSA supervisors.
- 5.4. In January 2006, the FSA extended the scope of the investigation to cover information provided to Insure & Go's auditors and former underwriters² about a travel club scheme, to be administered from Gibraltar offering benefits to Insure & Go customers (the Gibraltar Scheme). The intention was to use the Gibraltar Scheme as a mechanism for reducing the Insurance Premium Tax (IPT) payable by Insure & Go to its underwriters. It has subsequently become clear in the course of the investigation

² All references to "underwriters" in this Notice refer to Insure & Go's former underwriters.

that a separate on-shore scheme did operate from 2002. However, the off-shore scheme did not operate at all until 2004 and then only to an ineffective standard.

- 5.5. On 21 June 2006, the FSA commenced an investigation into your fitness and propriety and conduct in relation to these matters.
- 5.6. The investigation into Insure & Go was closed on 13 December 2007 with no further action.

6. FACTS AND MATTERS RELIED ON

Post- Approval Behaviour

Attempting to Mislead the FSA

- 6.1. By reason of the facts and matters detailed in paragraphs 6.2 to 6.4 below, you have breached Statement of Principle 1 APER by attempting to mislead the FSA.
- 6.2. On 9 March 2006, the FSA required Insure & Go to provide information and documents relating to the Gibraltar Scheme. You responded to the FSA on 23 March 2006 on behalf of Insure & Go, enclosing a copy of the Gibraltar Scheme Agreement dated 9 January 2003 and details of the purported operation of the Gibraltar Scheme from 2002.
- 6.3. The FSA has determined (and you accept) that the information contained in your letter of 23 March 2006 about the Gibraltar Scheme was incorrect and that the Gibraltar Scheme Agreement was not in existence as at the date it bears, 9 January 2003. Indeed you had informed the auditors of the position in November 2004.
- 6.4. The FSA has concluded that you intended the FSA to believe that the Gibraltar Scheme Agreement had been in place as at 9 January 2003 and that the information about the Gibraltar Scheme contained in your letter of 23 March 2006 was correct. The reasons for this determination are that, at the time, you checked and commented on the draft of the letter provided to you, you were aware that the Gibraltar Scheme Agreement had been drafted in September 2004 and you were aware that the Gibraltar Scheme had never operated in an effective way as described in the letter.

Pre-Approval Behaviour

- 6.5. The facts and matters detailed in paragraphs 6.6 and 6.7 below demonstrate that you provided information and documents to Insure & Go's auditors regarding the Gibraltar Scheme Agreement which were not correct. You also made assurances to the auditors about action Insure & Go would take, which the auditors relied on to complete their audit, but which were not fulfilled. The FSA accepts that you understood the position regarding such assurances was fully transparent. This behaviour occurred prior to you

becoming an approved person. The FSA considers your pre-approval behaviour to be significant to your present fitness and propriety.

6.6. In September 2004 you told the auditors that the Gibraltar Scheme existed. In support of this, you provided a copy of the Gibraltar Scheme Agreement which was dated 9 January 2003. On 7 October 2004, you reasserted to the auditors that the Gibraltar Scheme Agreement had been in place as at 9 January 2003 and informed them that it had been drafted by the director who was the signatory for the Gibraltar company. In fact, the Gibraltar Scheme Agreement had not existed as at 9 January 2003 and it was drafted by Insure & Go's then solicitors in 2004.

6.7. You accept that you gave incorrect information to the auditors. The position was rectified on 3 November 2004, when you told the auditors that the Gibraltar Scheme Agreement had not been in place as at 9 January 2003. The auditors resigned in April 2006.

7. FACTORS RELEVANT TO THE PROPOSED ACTION

7.1. The FSA considers that you are not fit and proper to perform significant influence functions in relation to any regulated activities.

7.2. Your attempt to mislead the FSA and to withhold relevant material are serious and are particularly relevant and material to your fitness and propriety because of your position as an approved person performing significant influence functions within a company which has a high profile in the general insurance industry.

7.3. Your behaviour prior to becoming an approved person is also relevant and significant because it demonstrates that you have failed to act openly in the past over similar matters and over a significant length of time.

7.4. Therefore, the FSA considers that you pose a risk to the FSA's regulatory statutory objective of maintaining confidence in the financial system and to the protection of consumers and that a prohibition order is the only sufficient way for the FSA to achieve its regulatory objectives.

7.5. There has been no loss to consumers as a result of your misconduct and the FSA has taken this into account in its considerations.

8. DECISION MAKER

8.1. The decision which gave rise to the obligation to give this Final Notice was made by the Settlement Decision Makers on behalf of the FSA.

9. IMPORTANT

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

Publicity

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

FSA Contacts

- 9.4. For more information concerning this matter generally, you should contact Bill Sillett at the FSA (direct line: 020 7066 5880).

WILLIAM AMOS

Project Sponsor

FSA Enforcement Division