
FINAL NOTICE

To: **TERENCE SEFTON POTTER**

Address: **Prisoner Number: A4848DL**
HMP Highpoint
Stradishall
Suffolk
CBS 9YG

**Individual
Reference
Number:** **TSP01017**

Dated: **25 May 2018**

ACTION

1. For the reasons set out in this Final Notice, the Authority hereby takes the following action against Mr Potter.
2. The Authority gave Mr Potter the Decision Notice, which notified Mr Potter that, for the reasons given below and pursuant to section 56 of the Act, the Authority had decided to make an order prohibiting him from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm.

3. Mr Potter has not referred the matter to the Tribunal within 28 days of the date on which the Decision Notice was given to him.
4. Accordingly, for the reasons set out below, the Authority hereby makes an order pursuant to section 56 of the Act prohibiting Mr Potter 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 takes effect from 25 May 2018.

DEFINITIONS

5. The definitions below 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;

"EG" means the Authority's Enforcement Guide;

"Mr Potter" means Terence Sefton Potter;

"the Decision Notice" means the Decision Notice given to Mr Potter dated 22 March 2018;

"FIT" means the Fit and Proper Test for Approved Persons and specified significant-harm functions sourcebook;

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

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

"the Warning Notice" means the warning notice given to Mr Potter dated 22 February 2018.

RELEVANT STATUTORY PROVISIONS

6. The statutory and regulatory provisions relevant to this Final Notice are set out in the Annex.

SUMMARY OF REASONS

7. The Authority has concluded, on the basis of the facts and matters and conclusions described in the Warning Notice, and in the Decision Notice, that Mr Potter is not a fit and proper person to perform any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm, as his conduct demonstrated a serious lack of honesty and integrity. Specifically, Mr Potter was convicted on 17 September 2015 of 4 counts of fraud, contrary to section 1(1) of the Criminal Law Act 1977.
8. On 18 December 2015, Mr Potter was sentenced at Southwark Crown Court to 96 months' imprisonment (to be served concurrently) for each of the offences summarised.

FACTS AND MATTERS RELIED ON

11. Mr Potter was approved by the Authority to perform the following functions:

- (a) (between 1 December 2001 and 24 March 2004) CF1 (Director (AR)) controlled function in relation to Sefton Potter;
 - (b) (between 1 December 2001 and 6 April 2004) CF1 (Director) in relation to Sefton Potter;
 - (c) (between 1 December 2001 and 6 April 2004) CF8 (Apportionment and Oversight) in relation to Sefton Potter;
 - (d) (between 1 December 2001 and 6 April 2004) CF10 (Compliance Oversight) in relation to Sefton Potter;
 - (e) (between 1 December 2001 and 6 April 2004) CF11 (Money Laundering Reporting) in relation to Sefton Potter;
 - (f) (between 1 December 2001 and 6 April 2004) CF21 (Investment Advisor) in relation to Sefton Potter; and
 - (g) (between 1 December 2001 and 6 April 2004) CF27 (Investment Manager) in relation to Sefton Potter.
12. Mr Potter is not currently approved to perform any functions in relation to any firm authorised by the Authority, and he has not been approved by the Authority to perform any function since 6 April 2004.
 13. On 17 September 2015, Mr Potter was convicted at Southwark Crown Court of four counts of conspiracy to cheat the Public Revenue, contrary to section 1(1) of the Criminal Law Act 1977.
 13. On 18 December 2015, Mr Potter was sentenced at Southwark Crown Court to 96 months' imprisonment (to be served concurrently) for each of the offences summarised at paragraph 7 above.
 14. On 30 June 2017, Mr Potter was made the subject of a Confiscation Order under the Proceeds of Crime Act 2002, totalling £1,816,267.53.
 15. In sentencing Mr Potter, the judge stated that Mr Potter was dishonest, and created schemes to be sold to high net worth clients so that he could benefit financially. The schemes involved conspiring with others in the creation of annual accounts that were required for those schemes and in the underlying support for figures within accounts that were "a carefully orchestrated, contrived and fictitious merry-go-round of money and false accounting". The judge also stated that Mr Potter played on his qualification as a chartered accountant and past employment to bolster his credibility and plausibility and that Mr Potter's culpability in the dishonest schemes was very high.

DECISION MAKER

17. The decision which gave rise to the obligation to give this Final Notice was made by the Regulatory Decisions Committee.

IMPORTANT

18. This Final Notice is given to Mr Potter in accordance with section 388 of the Act.

Publicity

19. The Authority must publish such information about the matter to which this Final 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 Mr Potter or prejudicial to the interest of consumers.
20. The Authority intends to publish this Final Notice and such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contact

21. For more information concerning this matter generally, please contact Zain Umer at the Authority (direct line: 020 7066 3094).

Anna Couzens
Enforcement and Market Oversight Division

ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives include securing an appropriate degree of protection for consumers (section 1C of the Act) and protecting and enhancing the integrity of the UK financial system (section 1D of the Act).
2. Section 56(1) of the Act provides:

"The [Authority] may make a prohibition order if it appears to it that an individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by -
 - (a) an authorised person,
 - (b) a person who is an exempt person in relation to that activity, or
 - (c) a person to whom, as a result of Part 20, the general prohibition does not apply in relation to that activity."

RELEVANT REGULATORY PROVISIONS

3. In exercising its power to make a prohibition order, the Authority must have regard to guidance published in the Handbook and in regulatory guides, such as EG. The relevant main considerations in relation to the action specified above are set out below.

The Enforcement Guide

4. The Authority's policy in relation to exercising its power to issue a prohibition order is set out in EG.
5. EG 9.1 explains the purpose of prohibition orders in relation to the Authority's statutory objectives.
6. EG 9.2 sets out the Authority's general policy on making prohibition orders. In particular:
 - (a) EG 9.2.1 states that the Authority will consider all relevant circumstances, including whether enforcement action has been taken against the individual by other enforcement agencies, in deciding whether to make a prohibition order;
 - (b) EG 9.2.2 states that the Authority has the power to make a range of prohibition orders depending on the circumstances of each case; and
 - (c) EG 9.2.3 states that the scope of a prohibition order will depend on, amongst other things, the reasons why the individual is not fit and proper and the severity of risk he poses to consumers or the market generally.
7. EG 9.5.1 states that where the Authority is considering whether to make a prohibition order against someone who is not an approved person, the Authority will consider the severity of the risk posed by the individual and may prohibit him where it considers that it is appropriate to achieve one or more of the Authority's statutory objectives.

8. EG 9.5.2 provides that, when considering whether to exercise its power to make a prohibition order against someone who is not an approved person, the Authority will consider all the relevant circumstances of the case. These may include, but are not limited to, the factors set out in EG 9.3.2. Those factors include: whether the individual is fit and proper to perform functions in relation to regulated activities (noting the criteria set out in FIT 2.1, 2.2, and 2.3); the relevance and materiality of any matters indicating unfitness; the length of time since the occurrence of any matters indicating unfitness; and the severity of the risk which the individual poses to consumers and to confidence in the financial system.

Fit and Proper Test for Approved Persons

9. The Authority has issued guidance on the fitness and propriety of individuals in FIT.
10. FIT 1.3.1BG(1) states that the most important considerations when assessing the fitness and propriety of a person to perform a controlled function include that person's honesty, integrity and reputation.
11. FIT 2.1.1G states that in determining a person's honesty, integrity and reputation, the Authority will have regard to all relevant matters including, but not limited to, those set out in FIT 2.1.3G. It notes, amongst other things and by way of example, that:

"... conviction for a criminal offence will not automatically mean an application will be rejected. The [Authority] treats each candidate's application on a case-by-case basis, taking into account the seriousness of, and the circumstances surrounding, the offence, the explanation offered by the convicted person, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation."
12. FIT 2.1.3G(1) states that the matters referred to in FIT 2.1.1G include, but are not limited to, whether a person has been convicted of any criminal offence, noting that particular consideration will be given to certain offences including those of dishonesty, fraud and financial crime (amongst other things).