
FINAL NOTICE

To: Michael Joseph James Lewis trading as Lewis Partnership

Of: 46a Canterbury Street
Gillingham
Kent
ME7 5TX

**Firm Reference
Number:** 313797

**Individual Reference
Number:** MJL01244

Dated: 9 August 2011

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (the "FSA") gives Mr Michael Joseph James Lewis trading as Lewis Partnership ("Mr Lewis") final notice about 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, the cancellation of his Part IV permission and the imposition of a financial penalty upon him

1. ACTION

1.1 The FSA gave Mr Lewis a Decision Notice on 24 May 2011 (the "Decision Notice"), which notified him that the FSA had decided to take the following action against Mr Lewis:

- (a) make an order pursuant to section 56 of the Financial Services and Markets Act 2000 ("the Act") prohibiting him, 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");

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- (b) cancel his Part IV permission pursuant to section 45 of the Act, because he is failing to satisfy Threshold Condition 5 (Suitability) of the threshold conditions set out in Part 1 of Schedule 6 to the Act (the “Threshold Conditions”); and
- (c) impose on him, pursuant to section 206 of the Act, a financial penalty of £106,499 in respect of a breach of Principle 1 of the FSA’s Principles for Businesses (“Principle 1”).

1.2 The financial penalty comprises the following elements:

- (a) a disgorgement of commission/fees of £6,499 arising from the fees paid to Mr Lewis on completion of five regulated mortgage contracts which were arranged by him; and
- (b) a punitive element of £100,000.

1.3 Mr Lewis has not referred the matter to the Upper Tribunal (Tax and Chancery Division) within 28 days of the date on which the Decision Notice was given to Mr Lewis. Accordingly, the FSA has today prohibited Mr Lewis from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm, cancelled his Part IV permission and imposed a financial penalty of £106,499 upon him.

2. REASONS FOR ACTION

2.1 On the basis of the facts and matters and conclusions described in the Warning Notice issued to Mr Lewis dated 13 April 2011 (the “Warning Notice”), and in the Decision Notice, the FSA has concluded that Mr Lewis knowingly submitted regulated mortgage applications in his own and clients’ names to lenders containing false and misleading information, including:

- (a) inflating incomes;
- (b) providing false employment details for his clients; and
- (c) acquiring, certifying and providing a falsified payslip to a lender for a client in order to provide evidence of an inflated income.

2.2 As such, Mr Lewis failed to act with integrity and breached Principle 1. Mr Lewis poses a risk to consumers, and to lenders, and therefore, to confidence in the financial system. It is appropriate and proportionate to impose a financial penalty of £106,499 on Mr Lewis, and to cancel his Part IV permission.

2.3 The FSA also concluded that Mr Lewis 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, and therefore the FSA imposes a prohibition order upon him.

2.4 The FSA has decided to take the action for the reasons described in the Warning Notice and Decision Notice, and to give this Final Notice. A copy of the relevant extract of the Warning Notice is attached to and forms part of this Final Notice.

3. DECISION MAKER

3.1 The decisions which gave rise to the obligation to give this Final Notice were made by the Regulatory Decisions Committee.

4. IMPORTANT

4.1 This Final Notice is given to Mr Lewis 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 Mr Lewis or prejudicial to the interests of consumers.

4.3 The FSA intends to publish this Final Notice and 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, please contact Craig Drury at the FSA (direct line: 020 7066 8460 / fax: 020 7066 8461).

John Kirby
FSA Enforcement and Financial Crime Division

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**EXTRACT FROM WARNING NOTICE DATED 13 APRIL 2011 ISSUED TO
MICHAEL JOSEPH JAMES LEWIS TRADING AS LEWIS PARTNERSHIP**

Facts and matters relied on

Background

- 4.1. Since 31 October 2004, you have operated as an FSA-authorised sole trader mortgage broker, and since 14 January 2005 also as an insurance broker, in Gillingham, Kent. There are no approved persons at the firm and you are not an approved person in relation to any other FSA-authorised firm.

Mortgage application submitted in your own name

- 4.2. In April 2007, you applied for and obtained a residential mortgage in your own name with Lender A.
- 4.3. The FSA compared the information about your income and employment, as stated on your mortgage application to Lender A, with the trading profit (or loss) declared to the FSA in your Retail Mediation Activities Returns (RMAR) submitted to the FSA covering the period from 6 October 2005 until 5 October 2006.
- 4.4. In your mortgage application to Lender A of April 2007, you stated that your “Net profit amount” for year end “Oct [sic] 2006” was £88,335. This figure appears to be inflated, given that the gross profit for the equivalent period (which included revenue from non-regulated activity) that you declared to the FSA in your RMARs was £57,344.
- 4.5. The FSA also requested information relating to your income and employment from HMRC. HMRC confirmed that it had no PAYE employment details for you on record from 6 April 2003 to the present date as you had failed to complete and return self assessment tax return forms for the five tax years ended 5 April 2005 to 5 April 2009 inclusive.
- 4.6. Given that HMRC holds no records for the corresponding tax years due to your non-completion of tax returns, the FSA could not use information held by HMRC to corroborate the income figures declared in your RMARs and your mortgage application to lender A. On 18 August 2010, the FSA telephoned you and requested that you provide copies of accounts for the period in question. You did not provide the information or respond to subsequent correspondence, or attempts to contact you, from the FSA.
- 4.7. Therefore, it is the FSA’s view that, given the discrepancy between the income figures you stated in your mortgage application to Lender A and the (considerably lower) income figure you submitted in your RMARs for the same time period, you appear to have obtained a mortgage by declaring false income information.

Mortgage applications submitted in the names of your clients

- 4.8. The FSA has reviewed four completed regulated mortgage applications, which you submitted for two different clients (Client Y and Client Z) between March 2006 and June 2008, to Lender A, Lender B, and Lender C.

- 4.9. The FSA has also reviewed a mortgage application submitted for Client Z to Lender D in April 2008, which was not completed, and a further mortgage application submitted in April 2006 for Client Y to Lender E, which was in fact submitted by another mortgage broker (“the second mortgage broker”).

Client Y

Mortgage applications

- 4.10. You submitted mortgage applications for Client Y, which provided differing and inconsistent employment and income information. Specifically, you submitted mortgage applications:
- (a) to Lender B in March 2006, stating that he was employed as a technician by a college with a “Gross Basic Salary” of £22,000;
 - (b) to Lender E in April 2006, stating that he was self-employed as a film producer with “Self-employed earnings” of £145,000 (current year); and
 - (c) to Lender A in August 2008, stating that he was self-employed as a film producer with a “Net profit amount” of £145,000 (year end 04/2008), £139,000 (2007), and £135,780 (2006).
- 4.11. This information conflicts with information provided to the FSA by HMRC from its records for Client Y, which state that Client Y was in fact employed on a PAYE basis until 31 August 2007 by 1) a college and thereafter by 2) a pension provider, with income of 1) £22,754.33 (2005/6), £25,314.87 (2006/7), and £11,422.06 (2007/8), and 2) £1,820.98 (2007/8), respectively.

Fact finds

- 4.12. You submitted the above mortgage applications on behalf of Client Y despite being in possession of two fact find documents, both apparently completed by you on behalf of Client Y on 1 March 2006, which contained conflicting information concerning Client Y’s employer and salary and which would have put you on notice that the information supplied by Client Y was false and misleading.
- 4.13. One fact find, apparently relating to the mortgage application to Lender B, stated that Client Y had been employed as a technician for 12 years with a basic salary of £22,000. However, the fact find which appeared to relate to the mortgage application to Lender E of the same date stated that Client Y had been self employed as a film director for 16 years with a basic salary of £145,000 for that current year.
- 4.14. The FSA therefore concludes that you were knowingly involved in mortgage fraud by submitting two mortgage applications to mortgage lenders within a month of each other containing information which you knew to be false and contradictory. You also submitted a third mortgage application for the same client in August 2008, which contained further information which you knew to be false and contradictory.

Client Z

Mortgage applications

- 4.15. You submitted mortgage applications on behalf of Client Z, which provided differing and inconsistent employment and income information. Specifically, you submitted mortgage applications:

- (a) to Lender D in April 2008 , stating that he was employed by a packaging company with a “Total Gross Annual Income” of £37,147; and
 - (b) to Lender C in July 2008, stating that he was employed in catering with a “Gross annual salary” of £38,555.
- 4.16. This information conflicts with information provided to the FSA by HMRC from its records for Client Z, which state that Client Z was employed by a packaging company until May 2008, (when he left this employment), with an income of £22,564.01 (2007/8) and £7,494.21 (2008/9) on a PAYE basis.

Fact find

- 4.17. You submitted the above mortgage applications despite being in possession of a fact find, completed by you, for Client Z on 19 March 2008, which recorded that his income was in fact £22,587. This income was consistent with the income on what appears to be a genuine payslip belonging to Client Y dated April 2008 for a gross monthly pay figure of £1,861.98 (an annual income of approximately £22,343.76) which was attached to his application to Lender D in April 2008 and certified as a true copy of the original by you. This would indicate that you were aware of Client Z’s true income and employer and therefore knowingly distorted and inflated that information in the application forms to Lenders C and D.
- 4.18. The mortgage application to Lender D for Client Z was rejected by the lender on the basis that the income stated for Client Z, £37,147 in the mortgage application form (albeit with his true employer being accurately stated) was not consistent with the monthly income stated on the payslip provided with the mortgage application to Lender D.

False wage slip

- 4.19. Further, the FSA has reviewed correspondence between you and another company which demonstrates that you took active steps to adduce false evidence to support the fictitious employer and inflated salary for Client Z. This correspondence included:
- (a) a memo from you to that company dated 10 July 2008, requesting to receive a payslip for June 2008 for Client Z for what would appear to be a false income and employer, when compared to HMRC records for the same month;
 - (b) a copy of a payslip, dated 30 June 2008, containing the details stated in the memo dated 10 July 2008; and
 - (c) an invoice from that company to you dated 7 August 2008, which included a charge of £20 in respect of Client Z.
- 4.20. A copy of the false payslip was certified by you as a true copy of the original and submitted with Client Z’s mortgage application to Lender C in July 2008 (completed in August 2008), in support of the income declared in that application of £38,555.

Conclusions

- 4.21. Despite being fully aware of the actual income and identity of the employers of both Client Y and Client Z, you knowingly submitted mortgage applications providing false and contradictory information to lenders in relation to both their incomes and employers, in order for them to obtain, or attempt to obtain, mortgages.

- 4.22. You also took active steps to acquire a false payslip for Client Z, in an attempt to corroborate his false employment and inflated income, which you certified as a true copy of the original and submitted with the application to Lender C.
- 4.23. Lastly, you inflated your own income in an application for your own mortgage.

END OF EXTRACT