



Newgate News

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NatWest Plc pleads guilty in criminal proceedings

On the 11th of November NatWest entered guilty pleas in court to charges brought by the Financial Conduct Authority under the Money Laundering Regulations 2007. NatWest admitted three charges of money laundering and admitted it had failed to properly monitor money when it was deposited into a customer's account between November 2013 and June 2016.

When the customer, Fowler Oldfield, a jeweller, was taken on as a client by NatWest, its predicted turnover was said to be £15m per annum. However, it was able to deposit £365m over the space of almost five years. NatWest is expected to receive a £320m fine for its failings, the biggest the FCA has ever handed out.

Newgate's advice: Firms must have adequate AML KYC onboarding and monitoring systems in place. If you are unsure whether your financial crime framework stands up to regulatory scrutiny, ask us for a "health check" of your systems and controls.

<https://www.fca.org.uk/news/press-releases/natwest-plc-pleads-guilty-criminal-proceedings>

Credit Suisse fined £147,190,276 and undertakes to the FCA to forgive US\$200 million of Mozambican debt

The Financial Conduct Authority has fined Credit Suisse over £147 million for serious financial crime due diligence failings related to loans worth over \$1.3 billion, which the bank arranged for the Republic of Mozambique. Credit Suisse has also agreed with the FCA to forgive US\$200 million of debt owed by Mozambique as a result of these tainted loans.

The fine is part of a \$475m settlement with UK, Swiss and US regulators. Credit Suisse staff allegedly took and paid bribes as they arranged \$1.3bn of industry loans. The FCA said the bank had "failed to properly manage the risk of financial crime".

Executive director of enforcement Mark Steward said: "The FCA's fine reflects the impact of these tainted transactions which included a debt crisis and economic harm for the people of

Mozambique.”

Newgate’s advice: Along with the recent release of the Pandora Papers, financial crime is increasingly the focus of regulators, both domestically and internationally. You must ensure your money laundering systems and controls are robust and can stand up to scrutiny, otherwise criminal prosecutions could follow. Contact Newgate’s financial crime division for assistance.

<https://www.fca.org.uk/news/press-releases/credit-suisse-fined-ps147190276-us200664504-and-undertakes-fca-forgive-us200-million-mozambican-debt>

FCA prohibits and fines Omar Hussein for pension switching advice failings

On the 15th of October, the FCA prohibited Omar Hussein, former director, and senior financial adviser at Consumer Wealth Ltd (“CWL”), from working in financial services and fined him £116,000 for providing reckless and unsuitable pension switching advice.

Between 2015 and 2017, Mr Hussein and his firm advised 620 customers to switch their pension into a SIPP containing significant high-risk investments comprising unregulated mini-bonds relating to overseas investments in car parks, renewable energy and holiday resorts.

These investments were illiquid in nature and highly likely to be unsuitable for the low net worth, financially inexperienced investors who were the firm’s target market. His misconduct put an estimated £13.5m of CWL customers’ retirement savings at risk.

The FCA found that Mr Hussein acted recklessly and abused a position of trust when advising clients who were often financially inexperienced, vulnerable and had no or limited capacity for loss. The FCA has previously noted that when financial advisers advise customers to switch to a SIPP, they must assess the suitability of the underlying investments to be held in that SIPP.

The Executive Director for Enforcement and Market Oversight, Mark Steward, said: ‘Mr Hussein acted recklessly and abused the trust of his clients by taking unjustifiable risks with their retirement savings. He has proven himself unfit to work in the financial services industry.’

Newgate’s advice: This is relevant for those providing investment advice such as those working in the IFA or wealth management sector. You must ensure you obtain and retain on file the necessary information from a client to be able to make suitable recommendations. This

includes collecting information on their financial situation, their investment objectives, and their capacity for loss and knowledge and experience of investments. Newgate can provide your firm with suitability questionnaires, templates and advice on categorising clients.

[🔗 https://www.fca.org.uk/news/press-releases/fca-prohibits-fines-omar-hussein-pension-switching-advice-failings](https://www.fca.org.uk/news/press-releases/fca-prohibits-fines-omar-hussein-pension-switching-advice-failings)

Consumer warning on Marvell Enterprises Ltd

The FCA have removed Marvell Enterprises Ltd's permissions and announced it is no longer authorised to carry out any regulated activities. The firm may have been offering investments which were not protected, and some consumers may have invested substantial funds in bonds or loan notes issued by Marvell.

The FCA note that in general, a business does not have to be regulated by the FCA to raise funds by issuing shares or debt securities. However, any investment services provided by firms regarding these investments are likely to be regulated, and subject to FCA rules.

Marvell appears to have carried out investment-related activities with consumers but has never been permitted by the FCA to provide regulated investment services. This poses a risk to consumers due to the potential lack of regulatory protection that would otherwise be afforded to them. The FCA also note that consumers may have been misled about the scope of Marvell's permissions and the protection afforded to their investments.

[🔗 https://www.fca.org.uk/news/news-stories/consumer-warning-marvell-enterprises-ltd](https://www.fca.org.uk/news/news-stories/consumer-warning-marvell-enterprises-ltd)

FCA fines Sunrise Brokers LLP £642,400 for serious financial crime control failings in relation to cum-ex trading

Sunrise Brokers LLP has been fined over £600,000 for deficient anti money laundering systems and controls to identify and mitigate the risk of facilitating fraudulent trading and money laundering.

In 2 instances the firm failed to identify or escalate any potential financial crime concerns or suspicions when it should have done.

Mark Steward, Executive Director of Enforcement and Market Oversight, said: 'Sunrise should not

have carried out these self-evidently suspicious trades without proper due diligence. Sunrise's failings were significant, and this outcome demonstrates we will not tolerate firms' lax controls and that we will work with overseas agencies to ensure London is not viewed as a haven for poor controls and practices.'

The FCA's investigation into the involvement of UK based brokers in cum-ex dividend arbitrage schemes is continuing.

Newgate's advice: It is vital that your firm has robust systems and controls to combat the risk of fraudulent trading and money laundering. Newgate can design policies and procedures for your firm to detail clear procedures in place to mitigate these risks, along with a robust monitoring programme to ensure compliance with these policies and procedures.

<https://www.fca.org.uk/news/press-releases/sunrise-brokers-llp-fine-serious-financial-crime-control-failings>

Cabinet Office fined £500,000 for New Year Honours data breach

The Information Commissioner's Office (ICO) has fined the Cabinet Office £500,000 for disclosing postal addresses of the 2020 New Year Honours recipients online.

On 27 December 2019 the Cabinet Office published a file on GOV.UK containing the names and unredacted addresses of more than 1,000 people announced in the New Year Honours list. People from a wide range of professions across the UK were affected, including individuals with a high public profile.

The ICO found that the Cabinet Office failed to put appropriate technical and organisational measures in place to prevent the unauthorised disclosure of people's information which is a breach of data protection law.

Steve Eckersley, ICO Director of Investigations, said "The Cabinet Office's complacency and failure to mitigate the risk of a data breach meant that hundreds of people were potentially exposed to the risk of identity fraud and threats to their personal safety.

"The fine issued today sends a message to other organisations that looking after people's information safely, as well as regularly checking that appropriate measures are in place, must be at

the top of their agenda.”

<https://ico.org.uk/about-the-ico/news-and-events/news-and-blogs/2021/12/cabinet-office-fined-500-000-for-new-year-honours-data-breach/>

About Newgate Compliance

Newgate Compliance is a compliance consultancy offering a modern solution to implement your compliance function using an innovative compliance software solution called **The GATEway**.

Newgate has an unrivalled combination of experienced professionals, many of whom are ex-regulators.

Our customer focused approach seeks to provide appropriate, pragmatic and flexible solutions to our clients helping them to meet both the regulator's rules but also the spirit, principles and culture of the regulatory regime.

We look to build long-term relationships with our customers helping to encourage business growth, productivity and innovation. Our proactive approach is tailored to each customer's needs changing to meet those needs as the customer progresses and develops.

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