



# Newgate News

## March 2023

FCA Begins Criminal Proceedings Against Five Individuals for Conspiring to Commit Insider Dealing and Money Laundering .....	2
FCA Censures Amigo for Failing to Conduct Adequate Affordability Checks .....	2
FCA Places Restrictions on Campbell & Associates Independent Financial Advice Ltd .....	3
FCA Places Restrictions on Nexus Independent Financial Advisers and Nexus Investment Managers.....	3

# FCA Begins Criminal Proceedings Against Five Individuals for Conspiring to Commit Insider Dealing and Money Laundering

The FCA has begun criminal proceedings against Redinel Korfuzi, Oerta Korfuzi, Iva Spahiu, Rogerio de Aquino and Dema Almeziad. All five are accused of conspiracy to commit insider dealing between 17<sup>th</sup> December 2019 and 25<sup>th</sup> March 2021.

Redinel Korfuzi, who previously worked as an analyst at asset management Janus Henderson, is accused by the FCA of using confidential information he was privy to, to enable timely and profitable trading in 49 companies through accounts held by his co-conspirators.

In each case, the defendants used a derivative product called 'contracts for difference', betting that the value of shares would go down after the announcements. In doing so, they were able to realise profits of approximately £1.5 million.

The FCA has also charged the five individuals with money laundering offences relating to over 170 cash deposits totalling approximately £200,000.

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# FCA Censures Amigo for Failing to Conduct Adequate Affordability Checks

The FCA investigation found that Amigo Loans put business interests ahead of its customers by failing to assess properly whether customers, or their guarantors, could afford to repay loans they applied for. The FCA noted faults in both its automated tech and human oversight between November 2018 and March 2020.

Amigo Loans provides guarantor loans aimed at consumers who may be unable to access finance from traditional lenders, due to their circumstances or credit history. Amigo Loans have avoided a fine of £73 million, amid fears that the financial penalty could have led to its collapse.

The FCA found that Amigo's assessment of whether a customer could afford to borrow was inadequate. Amigo's lending decisions relied heavily on the use of a complex IT system with a high degree of automation. However, design issues and insufficient controls meant that the IT system processed loan applications in circumstances where it was potentially unaffordable for the customer.

## **FCA Places Restrictions on Campbell & Associates Independent Financial Advice Ltd**

The FCA has imposed a set of restrictions on Campbell & Associates Independent Financial Advice Ltd preventing it from carrying out any regulated activities and restricting access to its assets due to concerns about the potential misappropriation of client funds by the firm.

These restrictions will stop Campbell & Associates from carrying on any regulated activity and prevent it from reducing the value of the assets it holds, without the FCA consent.

The FCA said that the firm facilitated the transfer of £1.5 million of an advised client funds to its bank account in July 2022.

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## **FCA Places Restrictions on Nexus Independent Financial Advisers and Nexus Investment Managers**

The FCA has imposed restrictions on Nexus Independent Financial Advisers and Nexus Investment Managers. The restrictions prevent the firms from carrying out any regulated activities and restrict access to their assets due to concerns about use of certain funds that appear to have been withdrawn by a senior individual in the firms.

The FCA said “it appears that the firms’ director may have taken a total of over £2m in unauthorised and/or inappropriate withdrawals from clients of the firms. There is evidence to suggest that on or around 14 January 2023, the firms’ director was able to access bank accounts held by the firms and withdraw a further £50,000 which was transferred to their personal bank account. Consequently, the authority considers it necessary and proportionate to impose the requirements to address the ongoing risk of further dissipation and to preserve the firms’ assets and provide an appropriate degree of protection for the firms’ customers.”

Nexus Independent Financial Advisers and Nexus Investment Managers have the right to make written or oral representations to the FCA on the First Supervisory Notice. They also have the right to make a reference to the Upper Tribunal.

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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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