

IN THE UPPER TRIBUNAL (TAX AND CHANCERY CHAMBER)
BETWEEN

UK Innovative TI Limited ("UKITI")

and

Iain Clifford Stamp

and

THE FINANCIAL CONDUCT AUTHORITY

THE APPLICANTS SKELETON ARGUMENT

Why I need a Hearing

I assert that the Authority made my business Integrity Financial Solutions (Integrity) a scapegoat in 2009 to cover up failures at HBOS, Tom Spender (of the FSA) wrote an inept Final Notice against Integrity which was never challenged by Integrity as the opportunity to challenge the notice was taken away from Integrity by the Authority. Tom Spender later became the head of group litigation at Lloyds Bank (HBOS).

Since 2010 I have been prevented from challenging the Authority via a lack of budget, the Authorities immunities and exemptions and fear of persecution which has proven to be justified as following complaint letters from two of my MPs the Authority has systematically ruined me.

Background

Integrity was an IFA business with an impeccable compliance record and reputation. Integrity was a member of the Interdependence IFA network between 1999 and 2004 when it became FSA directly authorised. Before 2004 Integrity was a member of Interdependence, an IFA Network firm that was responsible for all aspects of Integrity's regulated activities. In 2002 Integrity (whilst under the regulatory permissions of Interdependence) designed a range of financial planning solutions called Maximiser, the solutions relied upon an underlying existing plan design commonly known as a Geared Traded Endowment Plan (GTEP). GTEPs had been available via a range of traded endowment brokers since the early 1990s. GTEPs were controlled by banks via a credit facility and TEP custody service.

Integrity Services

(1) a regulated service of arranging deals in investments and providing financial planning advisory services to its own clients as an IFA, with regulatory responsibility at Interdependence until 2004 and as a directly authorised firm from 2004.

(2) providing unregulated administration services for external IFAs, Halifax Bank of Scotland (HBOS), and Newcastle Building Society.

(3) introducing external IFA clients to HBOS and NBS to enable them to provide GTEP credit facility and TEP custody services.

TEP Factory provided an unregulated TEP brokerage service.

2006 – The FSA commenced an investigation into Integrity’s GTEP activities. The FSAs investigation was misguided, uncooperative, biased, commercially restrictive and caused reputational damage to Integrity and its directors. Integrity was advised by two law firms, Rosenblatt Law and Sampson Law.

Integrity designed the financial planning solutions called Maximiser whilst a member of the Interdependence IFA Network. Integrity advised 60 of its own clients to invest into a GTEP plan. Integrity provided unregulated administration services to 125 IFA firms.

2008 - Following the financial crisis, the value of TEPs within the GTEP plans fell. HBOS changed their TEP valuation criteria by excluding TEPs that were due to mature over the following 12 months from their loan to value assessment; this had the effect of causing HBOS GTEP loan margin calls. HBOS treated their customers unfairly on a number of grounds which has led to a group litigation action on behalf of 650 GTEP customers against HBOS and NBS for failures under the consumer credit act 1974 section 140a.

2009 - The FSA investigation into Integrity increased and led to a Past Business Review (PIR) of Integrity’s 60 own IFA GTEP recommendations. Integrity’s lawyer’s compliance advisers and directors disagreed with the findings of the PIR.

2009 – 590 GTEPs were recommended by other IFA Firms. The FSA alleged that Integrity had breached COBS principals as a GTEP product provider. Integrity’s lawyers compliance advisers and directors disagreed with the FSA.

The FCA definition of a Product Provider

<https://www.handbook.fca.org.uk/handbook/glossary/?filter-title=product>

a *firm* which is:

1. (i) a *long-term insurer*;
1. (ii) a *friendly society*;
1. (iii) the *operator* of a *regulated collective investment scheme* or an *investment trust savings scheme*; or
1. (iv) the *operator* of a *personal pension scheme* or *stakeholder pension scheme*.

Integrity did not provide any of these services.

2009 – The FSA wrote to all 125 IFA firms that had recommended the GTEP plans and implied that Integrity was the product provider. Integrity was facing the risk of substantial claims against it from the customers of the 125 IFA firms that had recommended GTEP plans to their clients. Integrity was put into an impossible position as Integrity's Professional Indemnity insurance did not cover Integrity as a product provider. The policy covered Integrity as an IFA for arranging deals in investments for its own customers as an IFA, but not the GTEP customers of other IFAs and certainly not as a product provider. The FSAs assertion that Integrity was the GTEP product provider brought the risk of uninsured claims against Integrity for compensation payments to the GTEP customers of the 125 IFA firms. Integrity had no prospect of continuing as it was uninsured. Under advisement from Rosenblatt Solicitors and Grant Thornton Integrity's auditors, I put Integrity into liquidation.

2009 - Peter Yeldon of Middleton Partners was referred by Nigel Frudd (a partner at Rosenblatt Solicitors) to act as Integrity's liquidator. Peter Yeldon of Middleton Partners was highly regarded by Rosenblatt Solicitors. Before signing over control of Integrity to Peter Yeldon, I agreed with him that the directors of Integrity would appeal to the FSA's Regulatory Decisions Committee (RDC) while Integrity was in liquidation and if this did not succeed for Integrity, the directors would appeal to the Upper Tribunal (UT). Once the matter had been resolved, Peter Yeldon would hand back control of Integrity to me together with Integrity's assets, income, clients and cash. Peter Yeldon agreed to this deal and promised to enable Integrity to take the matter to the Regulatory Decisions Committee (RDC) and ultimately to the Upper Tribunal.

2009 – Integrity was placed into liquidation via Middleton Partners.

2009 - Alasdair Sampson (Integrity's expert regulatory lawyer) held a conference call with John Tutt and Ms Hayes of the FSA and Peter Yeldon, the liquidator. Following the call, a detailed written argument outlining Integrity's position was sent to the FSA and Peter Yeldon. Alasdair Sampson wrote

"It is therefore, the Firm's intention to submit an argument to RDC at this stage making precisely these and other points. It is appreciated, of course, that there is no statutory provision which permits a respondent firm such as the Firm to make submissions at this point, but it should also be noted that there is no statutory or regulatory provision prohibiting it"

Alasdair Sampson Letter to Peter Yeldon and FSA

https://1drv.ms/b/s!Aqx2AdNQes63bhk6p2_tbRXHRaY

Alistair Sampson's letter uses three definitions for the GTEP, (1) plan (2) program (3) product. The use of the term product was not thoroughly researched by Alistair Sampson and is misleading.

2010 - Peter Yeldon agreed on a deal with the FSA.

FSA FCA Complicit Relationship with HBOS

I assert that the FSA FCA had/has a complicit relationship with Halifax Bank of Scotland (HBOS) via James Crosby (CEO 1999 to 2006 of HBOS and non-executive director at FSA), Andy Hornby (CEO HBOS 2006 to 2009), Tom Spender (head of retail enforcement FSA 2009 to 2013 head of group litigation HBOS 2016) and Hector Sants (Managing Director FSA 2004 CEO FSA 2007 2012) which caused the FSA to protect HBOS and divert HBOS GTEP customer losses to the financial services compensation scheme (FSCS). The FSA blamed Integrity for the damage caused to consumers and ruined my reputation. The FSA put me in an impossible position which led me to liquidate Integrity giving control to a liquidator Peter Yeldon of Middleton Partners. Integrity was denied the opportunity to argue the matter at the FSA's regulatory decisions committee (RDC) or the Upper Tribunal (UT) as Peter Yeldon, and Tom Spender at the FSA did a deal which denied Integrity from arguing its case. Peter Yeldon and the FSA (Tom Spender) had comprehensive representations from Integrity's lawyers Sampson which argued that Integrity had not breached regulatory principles and was not in control of the GTEP. Integrity had been used as a scapegoat. Peter Yeldon and the FSAs Tom Spender and John Tutt ignored the representations from Sampson, Peter Yeldon was subsequently struck off for dishonesty, and Tom Spender published an inept public censure of Integrity

which had no mention of HBOS anywhere in the document, Tom Spender subsequently became the head of legal at HBOS.

An attempt to address the issue was made by a letter from my MP George Hollingbery in 2010, Margaret Cole of the FSA wrote back to George Hollingbery stating that the FSA would not reopen the matter as it would be too expensive and that I had never been under any investigation.

Margaret Cole Letter

http://iaincs.com/docs/cole_letter.pdf

Integrity was blamed by the media (to include BBC Money Box, Rip Off Britain, Citywire and other financial services publications) for providing the GTEP product.

2014 - the FSCS make substantial payments to GTEP customers on the basis that Integrity was a failed product provider.

Between 2009 and 2016 - I attempted five times to get my business FSA FCA regulated. On each occasion my applications were deliberately stalled by the FSA FCA for protracted periods lasting up to 16 months, the FCA neither accepted or rejected them. I eventually withdrew each application in fear of persecution.

2012 - the FSA investigated IPM (a regulated fund management company) that UKIFD (my company) had a joint venture with.

Between 2011 and 2017 - I sent several requests to the FCA for information relating to the deal that Tom Spender had done with Integrity's liquidator Peter

Yeldon and my applications to become authorised, the requests were made under the Freedom of Information act. The FCA after months of delay responded to me and told me that they had immunity from providing me with information as it would take too long to find it.

2014 - I did receive a reply from the FCA relating to one of my applications to become authorised, correspondence between the FCA and Chaser Capital (I had submitted a change of control application) revealed that the FCA had both myself and my ex-wife under investigation.

2016 - my MP Caroline Dinenage wrote to the FCA to complain that on five separate occasions since 2009 my applications to become an authorised person under FSAM were deliberately stalled and frustrated by the FSA FCA. The fifth application was to become an Appointed Representative of Stargate Capital Management (SCM). This application had been stalled for 16 months with repeated questions about what I had learned from my time as CEO of Integrity Financial Solutions. In response, Caroline Dinenage MP received an inadequate response from Andrew Bailey the CEO of the FCA, the reply is full of excuses.

In December 2016 I- accepted an invitation to visit the FCA at their offices in Canary Wharf to discuss the SCM Appointed Representative application. I assert that the interview that lasted four-and-a-half-hours was an interrogation that I assert was designed to entrap me, the interrogation asked many questions about what I had learned in my role as CEO of Integrity.

January 2017 – Russell Moore of the FCA contacted Stargate Capital Management (SCM) for which my unregulated company UK Innovative Traded

Instruments (UKITI) provided unregulated services. UKITI and SCM had a joint venture, Galaxy Administration Services Ltd seconded staff to UKITI and provided facilities, office accommodation, staff infrastructure to UKITI for it to provided SCM with technology and administration services. SCM provided regulatory controls and oversight. The joint venture between SCM and UKITI developed three business lines, managed currency trading accounts, brand-name FX Perpetual, an open-ended investment company FX Perpetual Ltd and a pension transfer/switch platform called The Pension Solution Collaboration (PSC) which collaborated with IFA's, pension trustees, and asset custodians.

January 2017 – Having learned of the counterparts to the SCM UKITI joint venture, Russell Moore of the FCA contacted them which had the effect of warning them away from the ventures. The FX Perpetual managed account plan was a successful venture with very few account holders cashing in their accounts. The FX Perpetual Ltd OEIC was a new fund that had collected seed capital from an investor base in Asia. The PSC Platform had great potential with over two thousand prospects expressing interest in having their pension funds risk managed via a automated and dynamically driven technology system that was designed in accordance with a Nobel Prize winning strategy that relied on volatility triggers to dynamically rebalance five globally diversified ETF portfolios.

The PSC Platform

<http://www.thepensionsolution.co.uk/>

January 2017 – following Russell Moore's contact the PSC counterparts resigned from the project, this caused substantial losses for UKITI. Between

January 2017 and June 2017 UKITI rebuilt the PSC concept with a new set of counterparts and partnered with Thornbridge Investment Management (a FCA regulated fund management company) to provide the fund management controls, Intelligent Money to provide the pension trustee services and IFA Grosvenor Financial Consultants to provide the IFA advisory services.

February 2017 - the FCA speculated to SCM that they were providing regulatory legitimacy to UKITI and requested SCM to voluntarily cease all its business activities primarily its business with UKITI. Comprehensive representations were sent to the FCA by SCM's lawyers Howard Kennedy. These representations were ignored by the FCA.

June 2017 - the FCA ask by letter for SCM to permit the FCA to ignore the representations made by Howard Kennedy relating to UKITI, SCM denies the request.

June 2017 - Bob Ferguson of the FCA publish a First Supervisory Notice against SCM, the notice speculates that UKITI and its director (which can only be me as there is only one director) may have breached the general prohibition.

Under the definitions section:

“UKITI means UK Innovative TI Ltd”

Under the section:

“Activities potentially in breach of the General Prohibition”

“that UKITI may be acting as the investment manager as well as the developer and provider, of FX Perpetual”

“UKITI manages the algorithm, develops the code and provides trade signals to SCM”

“Mr Shah said that he had discussed liquidity risks, such as those posed by Brexit, with UKITI’s director and that he has challenged the timing of hedges placed on the fund”

The Notice was published early in July 2017 and remained on the FCA’s notices website for a few days; it led to a media article about me in Citywire, the article repeats speculation that I may have breached breach the general prohibition and reiterates blame for the GTEP matter towards Integrity. A revised First Supervisory Notice was published by the FCA which has UKITI and reference to its director redacted.

The Notice was not sent to me by the Authority prior to its publication and I was not given any opportunity to submit my representations prior to its publication.

June 2017 – Thornbridge, Intelligent Money IFA Grosvenor Financial

Consultants resigned from the PSC as they had read the FCA unredacted SCM First Supervisory Notice and were concerned that UKITI and I had breached the General Prohibition.

June 2017 - the FX perpetual managed account program was closed down by the FCA, the counterparts in FX perpetual Ltd resigned, causing substantial losses for UKITI.

July 2017 - SCM, UKITI and I appeal to the Upper Tribunal. The FCA object to UKITI's and my appeal on the basis that UKITI and I have no third-party rights and I should not have any part of the SCM Upper Tribunal appeal.

August 2017 - the FCA regulatory transitions committee (RTC) invited me to send my representations to them and gave me a deadline to doing so. I sent comprehensive representations within the deadline. The FCA ignored my representations and published a statement of case against SCM and stated that I had not sent my representations to them within the deadline and therefore they were not considered.

November 2017 - I commissioned a barrister Erin Hitchen to review the matter of UKITI and its services, Erin Hitchen concluded that UKITI was providing unregulated services.

January 2018 - I requested via SCMs Upper Tribunal Appeal that the FCA should provide me with evidence relating to my interrogation, why the matter of Integrity was a repeated theme in the SCM Appointed Representative Application and the interrogation, why my five applications to become authorised had been frustrated by the Authority and the Authorities research into the joint venture between SCM and UKITI. Martin Watts of the FCA objected to the Upper Tribunal stating that I had no third-party rights and the FCA would not be answering these questions.

March 2017- SCM's lawyers respond to the FCAs statement of case with their nominated barrister confirming that UKITI had never breached the general prohibition.

March 2017 - a deal between SCM and FCA was proposed, whereby the FCA dropped their case against SCM if SCM drops their Upper Tribunal appeal. An FCA condition of the deal was that SCM could have no future dealings with me or UKITI. This deal was agreed to by both parties.

January 2018 - I was forced to close my offices, make my staff redundant and write off substantial loans I had provided to the UK companies under my control.

Section 393 FSMA

Section 393 FSMA provides that, "where a warning notice or decision notice "identifies" and is, in the relevant authority's opinion, prejudicial to a third party, then that third party must be given a copy of the notice, access to underlying evidence and an opportunity to make representations. However, the requirement to provide copies of either notice does not apply when the third party has been issued with a separate notice in relation to the same matter.4"

I was neither issued with a separate notice or given the opportunity to make representations prior to the issuance of the Stargate First Supervisory Notice.

In Paragraph 10 of the FCA's skeleton argument the Authority says, referring to Section 392, *"It makes no provision for notices given under Section 55Y. Therefore the only person permitted to make a reference to the tribunal is Stargate".*

I assert that Section 55Y relates only to a notice given to an authorised person in relation to a variation of permission. It does not confer on the FCA any right to defame or injure any third party in any way.

Section 392 allows third parties to refer notices given under various sections of the Act, including:

54(2) which relates to cancellation of permissions, the Variation of Permission in effect cancelled various of Stargate's permissions and could be construed to include this.

208(1) which relates to public censures. Any supervision notice issued is in effect a public censure. I assert that the SCM First Supervisory Notice was considered by its readers as a censure.

Conclusion

Since 2010 the Authority has deliberately conducted itself in such a way as to frustrate and ultimately destroy my businesses, my reputation, my capital and my ability to earn a living.

The SCM First Supervisory Notice (Censure) was not sent to me by the Authority prior to its publication and I was not given any opportunity to submit my representations prior to its publication.

The fact that the Authority has said the SCM First Supervisory Notice was issued under Section 55Y is irrelevant or at least is only a part of the story and therefore the Upper Tribunal can and should hear my reference.

The Authority has objected to my involvement at every stage of the SCM Upper Tribunal Appeal and is now trying to avoid a hearing by saying that the Upper Tribunal has no Jurisdiction to hear me.

If this is true, I assert that it is another example of the abuse of the powers afforded to the Authority as given to it by Parliament.

Mr Iain Clifford Stamp

On behalf of the Applicant UKITI and Mr Stamp

9th April 2018