

 Financial Services Authority	
Home	<p> Publications > Press Releases 2003 > FSA/PN/056/2003 </p>  <h2>Financial Services Authority renews warning on unauthorised firms</h2> <p>FSA/PN/056/2003 30 April 2003</p> <p>The Financial Services Authority (FSA) has today published an updated list of unauthorised firms that are, or have been, targeting UK investors. The number of such firms, of which the FSA is aware, has nearly trebled in the past year. The complete list of unauthorised firms follows at the end.</p> <p>Carol Sergeant, FSA Managing Director said:</p> <p>“Dealing with unauthorised firms can seriously damage your wealth. You may be lucky and have no problems but if you do, you will have no complaints or compensation scheme to turn to and you could lose all your money.</p> <p>“Before deciding to deal with a firm, our advice is always to check with us whether a firm is authorised. It’s up to you what you choose to do but you need to understand the risks you are taking.</p> <p>“You should also be careful not to hand over personal details such as your bank account and credit card numbers until you have established the credentials of a firm.”</p> <p>The FSA previously warned consumers about dealing with unauthorised firms in May 2002 and March 2000 outlining the tactics that are commonly adopted by these firms. The FSA is not seeking to imply that any of the firms listed below would necessarily adopt such tactics.</p> <p>New development – second sting in the tail</p> <p>Investors who have bought shares from unauthorised firms typically find they have difficulty selling them because the shares are not listed on a recognised stock exchange. But the FSA is aware of a new scam where these investors are subsequently approached with an offer to sell their shares provided they pay an ‘administration fee’</p>
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upfront. Once the 'fee' has been handed over, investors never hear from the firm again leaving them both out of pocket and holding the unsold shares. So investors get stung twice.

Case study

An investor who contacted the FSA, purchased shares at a total cost of \$37,500 from an unauthorised firm describing itself as a broker in Switzerland. About 18 months later, he was contacted by a different firm which described itself as an American settlements company, offering to sell his shareholding for almost five times the original purchase price. However, the investor was required to pay a "withholding tax" of \$8,850 in order to complete the deal. After paying the money, he shortly afterwards received another call from the firm saying it needed a further \$57,000 in order to complete the transaction. The investor declined to send more money and to date he is still holding his shares but has lost his \$8,850.

Other scams

Other scams that are commonly used to persuade investors to part with their money include:

- pyramid schemes, where the only way to get your money back is to persuade others to put money in;
- investment schemes, targeting members of a particular group or social club; and
- letters or emails promising sky-high rates of return.

For more tips on how to spot these scams and how investors can protect themselves, go to the new scam section on the FSA's consumer website www.fsa.gov.uk/consumer.

To find out whether a company or individual is authorised go to the FSA Firm and Person Check Service at <http://www.fsa.gov.uk/consumer/fcs/index.html>

FSA's list of unauthorised firms

K P Allen
Berkshire Tax Consultants
Cambridge Global Inc
Carter James SL
Chamberlin Management Inc
Chapman Foster Group SL
Condor Research
Fielding Clifford
First Chartered Capital Corp/First Colonial Trust
Globeshare
Hamilton Asset Management
Hoffman Philips SL
Hopkins, Pierce & Co Limited
Hyda Florsbanc
Jefferson Management

Kline Management Group
Livingstone Asset Management
Mercantilebank Securities Inc
Millennium Financial Ltd
Morgan Young Financial Consultants
Morrison Cross Financial Investments Ltd
Norwich Capital Mutual Funds Limited
Pacific Federal SA
Phoenix Asset Management SA
Phoenix Partners SL
Premier Equities Limited
Reichman Advisory SL
Smith Fairchild
Stanley Riebeck Corporation
Stein Banc Commerce
Sukomo Group
Thibault Capital Markets
Trident Market Advisors
Union Partners SL (formerly Goldberg Kravitz SL)
Walker Stone
Waterhouse Scott Ltd
Webster, Cohen & Galombik Inc
West Shore Ventures Limited
Willmont Financial SL
Windsor Asset Management
World Trade Financial Corporation

Notes for editors

1. For more details about the tactics that are commonly adopted by unauthorised firms targeting UK investors see warning issued on May 2002
<http://www.fsa.gov.uk/pubs/press/2002/056.html>
2. The boiler room warning issued in May 2000 is available at
<http://www.fsa.gov.uk/pubs/press/2000/071.html>
3. The FSA regulates the financial services industry and has four objectives under the [Financial Services and Markets Act 2000](#): maintaining market confidence; promoting public understanding of the financial system; the appropriate degree of protection of consumers; and fighting financial crime.
4. The FSA aims to maintain efficient, orderly and clean financial markets and help retail consumers achieve a fair deal.

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