

 Financial Services Authority	
<a href="#">Home</a>	<p> <a href="#">Publications</a> &gt; <a href="#">Press Releases 2003</a> &gt;            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><b>New development – second sting in the tail</b></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](http://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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