
FINAL NOTICE

To: **Floris Jakobus Huisamen**

IRN: **FJH01031**

Date: **13 February 2024**

1. ACTION

1.1. For the reasons given in this Final Notice, the Financial Conduct Authority ("the Authority") hereby:

- (1) imposes on Floris Jakobus Huisamen ("Mr Huisamen") a financial penalty of £31,800 pursuant to section 66 of the Financial Services and Markets Act 2000 ("the Act"); and
- (2) makes an order prohibiting Mr Huisamen from performing any function in relation to any regulated activities carried on by any authorised or exempt person, or exempt professional firm, pursuant to section 56 of the Act. The prohibition order takes effect from the date of this Final Notice.

1.2 Mr Huisamen agreed to resolve this matter and qualified for a 30% (Stage 1) discount under the Authority's executive settlement procedures. Were it not for this discount, the Authority would have imposed a financial penalty of £45,500 on Mr Huisamen.

2. SUMMARY OF REASONS

2.1. Mr Huisamen was appointed as a director of London Capital & Finance plc ("LCF") on 1 July 2016 with the remit for Risk and Compliance. On 6 July 2016 the Authority was given disciplinary powers over non-approved directors of authorised persons.

- 2.2. Mr Huisamen was CF1 Director and CF10 Compliance Oversight controlled function holder at LCF from 13 June 2017 until 1 February 2019.
- 2.3. On 11 October 2023 the Authority gave LCF a [Final Notice](#) for failing to ensure its financial promotions were fair, clear and not misleading over the period 7 June 2016 to 10 December 2018. LCF issued hundreds of financial promotions in that period and they were required to be compliant with the rules set out in Chapter 4 of the Authority's Conduct of Business Sourcebook ("COBS") concerning financial promotions ("the financial promotion rules"), including COBS 4.2.1(1)R ("the fair, clear and not misleading rule").
- 2.4. This Notice deals with misconduct by Mr Huisamen from 10 February 2017 (the first time as a LCF director he played a key role in the sign off process for confirming that LCF financial promotions complied with the financial promotion rules, including the fair, clear and not misleading rule) to 10 December 2018 ("the Relevant Period"). It is important context that Mr Huisamen had been closely involved in drafting and approving LCF's financial promotions since August 2015 when LCF was not authorised (and therefore required its financial promotions to be approved by an authorised person).
- 2.5. Whilst Mr Huisamen was closely involved in LCF communicating hundreds of financial promotions during the Relevant Period, this Notice focuses primarily on Mr Huisamen's involvement in LCF's Information Memoranda, brochures and its website. During the Relevant Period Mr Huisamen recklessly signed off LCF's Information Memoranda, brochures and website as compliant with the Authority's financial promotion rules, when he was aware of clear risks that they were not compliant.
- 2.6. As a result of his conduct taken as a whole, Mr Huisamen is not fit and proper because he lacks integrity, and he poses a risk to consumers and to the integrity of the UK financial system. The Authority therefore hereby imposes an order prohibiting Mr Huisamen from performing any function in relation to any regulated activities carried on by any authorised or exempt person, or exempt professional firm, pursuant to section 56 of the Act.
- 2.7. The Serious Fraud Office is conducting criminal investigations into matters connected to LCF. The Authority has not made any findings as to whether Mr Huisamen has committed any criminal offences.

3. DEFINITIONS

3.1. The definitions below are used in this Notice:

"the Act" means the Financial Services and Markets Act 2000;

"the Authority" means the Financial Conduct Authority;

"bondholder" means individual investors who invested in an LCF bond;

"bonds/minibonds" means non-transferable debt securities issued by LCF and marketed to retail investors;

"COBS" means the Conduct of Business Sourcebook, part of the Authority's Handbook;

"corporate borrowers" means the 12 UK registered companies to which LCF lent bondholder funds;

"EG" means the Authority's Enforcement Guide;

"the fair, clear and not misleading rule" means COBS 4.2.1(1)R which states that a firm must ensure that a communication or a financial promotion is fair, clear and not misleading;

"financial promotion" means, in the context of this Notice, an invitation or inducement to engage in investment activity that is communicated in the course of business;

"the financial promotion rules" means any or all of the rules in Chapter 4 of COBS that impose requirements in relation to a financial promotion;

"FSCS" mean the Financial Services Compensation Scheme;

"HMRC" means Her Majesty's Revenue and Customs;

"Information Memorandum" means, in the context of a bond issue, a document published by the issuer that provides prospective investors with all relevant

information, including about risks, to enable them to make an informed decision about whether to invest;

“ISA” means an Individual Savings Account;

“LCF” means London Capital & Finance plc;

“the LCF Information Memoranda”/“LCF’s Information Memoranda” means the Information Memoranda that Mr Huisamen was responsible for ensuring complied with the financial promotion rules during the Relevant Period;

“the minibond business” means LCF’s raising of finance from the general public through the issuance of bonds;

“the Relevant Period” means 10 February 2017 until 10 December 2018; and

“the Tribunal” means the Upper Tribunal (Tax and Chancery Chamber).

4. FACTS AND MATTERS

Mr Huisamen’s positions at LCF

- 4.1. Mr Huisamen was formally engaged by LCF to provide compliance services from 1 February 2016. He was subsequently appointed as a director of LCF from 1 July 2016, with the remit of Risk and Compliance. In June 2017, Mr Huisamen became a controlled function holder at LCF (CF1 Director and CF10 Compliance Oversight controlled function). Mr Huisamen only stopped working for LCF in February 2019 on the collapse of that business and after Administrators were appointed over it on 30 January 2019.

LCF and regulation

- 4.2. Whilst LCF’s minibond business itself was designed to mostly fall outside of Authority regulation, LCF’s financial promotions relating to the minibond business were caught by the Authority’s financial promotion rules.
- 4.3. The central COBS financial promotion rule is the fair, clear and not misleading rule (COBS 4.2.1(1)R) which states that communications or financial promotion must be “*fair, clear and not misleading*”. This key, simple rule, is the thread that links the majority of the financial promotion rules together.

- 4.4. Section 21 of the Act sets out that a person must not, in the course of business, communicate an invitation or inducement to engage in investment activity (in other words, for the purposes of this Notice, must not communicate a financial promotion) unless they are an authorised person, or the content of the communication is approved (for the purpose of section 21) by an authorised person.
- 4.5. Issuing financial promotions is not itself a regulated activity under the Act.
- 4.6. Prior to 7 June 2016, before LCF became authorised by the Authority, LCF's financial promotions were approved by a separate authorised firm pursuant to section 21 of the Act. Mr Huisamen designed the process for that authorised firm to approve LCF's financial promotions in the period October 2015 to January 2016.
- 4.7. After 7 June 2016, LCF was responsible for ensuring its financial promotions were compliant with the financial promotion rules, although no new financial promotions went through LCF's process of being signed off as being compliant until February 2017.

The LCF minibond business

- 4.8. LCF's only business was commercial lending funded by minibonds issued in its own name which were targeted towards, and sold predominately to, retail investors who then became bondholders. The bonds were of varying terms, between 1 and 5 years, and offered high rates of interest to investors.
- 4.9. During the period from its incorporation (July 2012) to early 2015, LCF engaged in very little commercial activity and filed accounts showing it to be either a dormant company or one generating low revenue.
- 4.10. LCF's sale of bonds increased during 2015, accelerated in 2016, and further increased in 2017 once it became a HMRC ISA manager with the introduction for sale of what LCF described as ISA bonds. LCF's supposed ISA bonds proved to be very popular with prospective investors.
- 4.11. A total of 15 different bonds were issued by LCF and sold to prospective investors between 2013 and December 2018. In total, LCF sold over 16,700 bonds to 11,625 bondholders. The bonds, issue dates, interest offered, terms and value of investments are set out below.

Bond	Issue date	Interest	Term	Bond value
Series 1	2013	Unknown	1 year	Unknown
Series 2	Sep 13 to Jan 16	8.5%	1/3 years	£286,040
Series 3	Dec 15 to Oct 18	3.9%	1 year	£7,393,900
Series 4	Nov 15 to Dec 18	6.5%	2 years	£16,972,300
Series 5	Dec 15 to Feb 17	8%	3 years	£24,910,300
Series 6	Feb 16 to Dec 18	6.5%	2 years	£5,088,500
Series 7	Jan 16 to Dec 18	8%	3 years	£14,257,800
Series 8	Feb 17 to Sep 17	8%	3 years	£24,998,800
Series 9	Feb 14 to Sep 15	11%	2/5 years	£408,000
Series 10	Aug 17 to Dec 18	8%	3 years	£32,219,900
Series 11	Jun 18 to Dec 18	8.95%	5 years	£2,514,700
ISA Series 1	Dec 17 to Jul 18	8%	3 years	£50,002,900
ISA Series 2	Dec 17 to Dec 18	6.5%	2 years	£20,671,435
ISA Series 3	Jun 18 to Dec 18	8.95%	5 years	£30,187,982
ISA Series 4	Jun 18 to Dec 18	8%	3 years	£7,294,940

4.12. Each bond issue sold by LCF was accompanied by numerous financial promotions in different formats and the intention was to generate as much interest from the public as possible. During the period in which it traded, LCF issued hundreds of financial promotions. These promotions can be grouped into 7 main categories:

- (1) Information Memoranda;
- (2) brochures;
- (3) direct email promotions
- (4) LCF's website;
- (5) investment comparison websites;
- (6) press adverts; and
- (7) adverts on social media.

LCF's process for confirming its financial promotions complied with the financial promotion rules

- 4.13. The process for confirming the LCF financial promotions complied with the financial promotion rules, that Mr Huisamen followed (used mostly for the Information Memoranda and on occasion LCF's website) mirrored the process he had designed for the authorised firm that had approved LCF's financial promotions pursuant to section 21 of the Act prior to the Relevant Period.
- 4.14. This process, at its most expansive, involved the following steps:
- (1) Mr Huisamen completing what he termed a 'Verification Schedule'. This document consisted of a table listing out all the statements made in the Information Memoranda in one column. It contained a column next to it titled 'Verification reference/doc/explanation', where Mr Huisamen was meant to reference supporting evidence for the statements in the financial promotion, for the purpose of ensuring there were no breaches of COBS financial promotion rules and in particular the requirement that the financial promotions be fair, clear and not misleading (COBS 4.2.1(1)R). Mr Huisamen and LCF senior management would sign the completed Verification Schedule to declare that the contents of the financial promotion had been verified.
 - (2) Mr Huisamen completing a 'Financial Promotions Checklist', which was a table listing the COBS financial promotion rules and guidance in Chapter 4 of the Authority's Handbook, including the fair, clear and not misleading rule. Mr Huisamen ticked these off to indicate his satisfaction that the financial promotion was compliant.
 - (3) Mr Huisamen signing a form to declare that he formally confirms that the financial promotion is compliant with the COBS fair, clear and not misleading rule.
- 4.15. However, for many of LCF's financial promotions, such as some iterations of the LCF website, flyers, email marketing mailouts and brochures, Mr Huisamen did not complete the Verification Schedule or Financial Promotion Checklist as he did not consider these steps necessary on the basis that the statements in those financial promotions were drawn from the overarching Information Memoranda and so had already been through his three-step process.
- 4.16. When Mr Huisamen did complete a Verification Schedule for a LCF financial promotion, he did not review and reference relevant documentary evidence to support representations made in the Information Memorandum. Instead, Mr

Huisamen simply relied on the word of LCF’s senior management and accepted the wording in the financial promotion as it was, without applying appropriate scrutiny.

- 4.17. It is important context, that prior to and during the time that Mr Huisamen was relying on uncorroborated assurances from LCF’s senior management for the verification of the financial promotions, Mr Huisamen was documenting his misgivings (over the period September 2016 to February 2018) about how LCF’s senior management was making all the lending decisions, without any transparency or oversight, to companies they had close connections to.
- 4.18. Mr Huisamen did not look at LCF’s past and extant lending decisions and history in order to verify whether the statements made in the financial promotions were consistent with what had happened in the past.
- 4.19. The absence of appropriate scrutiny and challenge in the approval process designed and followed by Mr Huisamen resulted in LCF’s approval process becoming nothing more than a simple and ineffective tick-box exercise which was not in any way tailored to the business of LCF and which was incapable of identifying unfair, unclear or misleading statements within the promotions.

Mr Huisamen’s knowledge of misleading statements within LCF’s financial promotions

- 4.20. During the Relevant Period, Mr Huisamen was directly involved in ensuring the following Information Memoranda complied with the financial promotion rules.

Information Memoranda	Date that Verification was signed by Mr Huisamen	Date that Checklist was completed by Mr Huisamen	Date that COBS rule compliance form was signed off by Mr Huisamen
Series 3 to 7 (Supplemental)	10 February 2017	Not completed	Not signed by Mr Huisamen.
Series 8	22 February 2017	Not completed by Mr Huisamen	Not signed by Mr Huisamen.
Series 10	24 August 2017	24 August 2017	24 August 2017
ISA Series 1	30 November 2017	Not completed	30 November 2017

ISA Series 2	30 November 2017	Not completed	1 March 2018
ISA Series 3	30 May 2018	Not completed	5 June 2018
ISA Series 4	11 June 2018	Not completed	11 June 2018
Series 11 (first version)	5 June 2018	Not completed	5 June 2018
Series 11 (second version)	12 November 2018	Not completed	Not signed by Mr Huisamen.

4.21. Together, the financial promotions in the table above are referred to in this Notice, as “the LCF Information Memoranda”.

4.22. During the Relevant Period, Mr Huisamen was directly involved in ensuring different iterations of the LCF website complied with the financial promotion rules.

LCF website /section of LCF website	Date that Verification was signed by Mr Huisamen	Date that Checklist was completed by Mr Huisamen	Date that COBS rule compliance form was signed off by Mr Huisamen
Full LCF website	Not completed	18 April 2017	Not completed
Full LCF website	Not completed	28 June 2017	Not completed
Updated home page	Not completed	Not completed	11 September 2017
Page titled “LCF Lending Process”	Not completed	Not completed	15 March 2018
ISA section of LCF website	Not completed	28 March 2018	3 April 2018
Full LCF website	22 May 2018	Not completed	22 May 2018
Full LCF website	11 June 2018	Not completed	11 June 2018

4.23. From July 2018 to November 2018, 5 additional iterations of the LCF website were created. Mr Huisamen did not personally complete or sign off forms relating to these iterations of the LCF website complying with the financial promotion rules.

4.24. During the Relevant Period, Mr Huisamen was directly involved in ensuring the following LCF brochures complied with the financial promotion rules.

Brochure	Date that Verification was signed by Mr Huisamen	Date that Checklist was completed by Mr Huisamen	Date that COBS rule compliance form was signed off by Mr Huisamen
Series 3 to 7 and Series 10 Bonds (updated versions)	Not completed	18 September 2017	18 September 2017
Series 7 (updated version)	Not completed	24 November 2017	24 November 2017
Series 10 (updated version)	Not completed	24 November 2017	24 November 2017
ISA Series 1	Not completed	21 March 2018	21 March 2018
ISA Series 2	Not completed	21 March 2018	21 March 2018
ISA Series 3	Not completed	4 June 2018	5 June 2018
Series 11	Not completed	4 June 2018	5 June 2018

Unsustainable required rates of return

What LCF told prospective investors

4.25. A prospective investor on reviewing the LCF Information Memoranda would have been likely to form the impression that their investment (of, say, £10,000) would be onward lent to corporate borrowers (as part of a loan of, say, £1m) with relatively small (in contrast to the reality) fees being paid by the corporate borrower. LCF financial promotions stated as follows:

(1) A corporate borrower would pay LCF a 2% set-up fee (so £20,000 on a £1m loan).

(2) LCF would also earn income by charging a 2% interest 'turn' on funds lent. In other words, on a bond paying 8% annually to investors (such as Series 10) LCF would charge corporate borrowers 10% annually and keep the 2%.

(3) Under a heading "Are there any hidden fees, charges or deductions?" was stated "LCF will take no fees or make any deductions or charges of any kind on the interest paid by the Bond". This gave the false and

misleading impression that there were no hidden fees when in fact there were hidden upfront fees of 25.5% because LCF paid that amount to certain service providers and charged those to the corporate borrowers by deducting the same amount from loan monies. In other words, in the example of a £1m loan, the corporate borrower would in fact receive only £725,000 (a total of 27.5% having been deducted, 25.5% in hidden fees and 2% for the disclosed set-up fee).

- 4.26. Therefore, in an example of a 3 year 8% LCF minibond with a corporate borrower being lent £1m but only receiving £725,000, the corporate borrower needed to generate commensurately high rates of return to cover the 25.5% of hidden fees over and above: (a) the high level of interest due to bondholders (8%); (b) the disclosed lending fee due to LCF of 2%; and (c) a disclosed 2% interest 'turn' charged annually by LCF. The failure to disclose that LCF's business model depended on the corporate borrowers being able to generate commensurately large rates of return made LCF's financial promotions unfair and misleading because it meant investors could not properly assess the risk of investing in LCF's minibonds.
- 4.27. As per the table at paragraph 4.20 above, Mr Huisamen verified the Information Memoranda which contained the above statements for bond series 3 to 7, 8, 10 and 11 (first and second version) and ISA series 1 to 4. He also signed off the Information Memoranda for these bond issues as complying with the COBS rules, with the exception of bond series 8 and 11 (second version).

Mr Huisamen's concerns about the impact of the undisclosed fees on the sustainability of the LCF business

- 4.28. Before Mr Huisamen became an LCF director he learned that LCF was diverting large amounts of undisclosed advance fees from bondholder funds to meet its marketing and other support service costs and that LCF's declared fees were also taken from this source. Mr Huisamen also knew that these marketing and support service costs, that he admitted to the Authority in interview that he considered to be "exorbitant" and "too high", were borne by LCF's corporate borrowers whose liability to LCF was for the entire amount of the gross loan i.e. the amount which the bondholders had invested and that the corporate borrowers were required to pay interest on based on a rate (e.g. 8%) being applied to the gross value of the loan and not the net they received from LCF.

- 4.29. Mr Huisamen knew about the 25.5% of fees and was keen for it to be negotiated down to a lower rate. He considered the fee to be a risk to the corporate borrowers and understood that the high rate of fees was therefore a risk to the sustainability of the LCF lending model. However, Mr Huisamen continually failed to challenge LCF on the sustainability of the lending model in light of the significant amount of funds in the form of fees being diverted from going to the corporate borrowers but for which they were liable. Mr Huisamen also carried out no verification on whether LCF had determined if the corporate borrowers could afford these costs.
- 4.30. Despite Mr Huisamen's knowledge of the level of undisclosed fees and the burden placed on the corporate borrowers, he continued throughout the Relevant Period to manage the approvals of financial promotions, which omitted this key information. Mr Huisamen also failed to ensure that any extant financial promotions which omitted this information were withdrawn.
- 4.31. Mr Huisamen should have ensured that LCF's financial promotions explicitly made reference to the fees, their amount, and how they were applied to the corporate borrowers. This information was vital if potential investors were to form a view on the risks of investing in LCF and its minibonds.

Claims in LCF's financial promotions about lending process did not match reality

What LCF told prospective investors it would do

- 4.32. Numerous iterations of the LCF website that Mr Huisamen was responsible for in terms of compliance with the financial promotion rules during the Relevant Period, provided key assurances to prospective investors about LCF's "*strict due diligence process*" and "*LCF's stringent criteria for lending and ongoing monitoring*" to ensure that corporate borrowers could meet their loan commitments and offer sufficient security for the loan.
- 4.33. An iteration of the LCF website signed off by Mr Huisamen on 15 March 2018 and the LCF Information Memoranda elaborated on these assurances by claiming that no funds would be lent without LCF first carrying out rigorous financial due diligence on the prospective corporate borrowers prior to lending to ensure that they could meet their loan commitments. This process was known as LCF's lending process and the LCF Information Memoranda stated LCF would carry out the following steps in relation to a prospective corporate borrower:

- (1) a historical financial review to "*seek to analyse the performance of the potential borrowing company over the last three years to determine*

whether the current profitability of the prospective borrower was sustainable”;

- (2) an appraisal of the property assets of the prospective borrower to assess the current market value of the property offered as security;
- (3) an appraisal of non-property assets of the prospective borrower to ascertain their value;
- (4) an assessment of projected turnover and profits of the prospective borrower to *“demonstrate that both interest and principal are able to be repaid”;*
- (5) an assessment of repayment proposals *“to determine if the repayment proposals are realistic, understandable and in line with the financial information (historical and forecasted) provided by the [borrowing] company”;*
- (6) an assessment of the prospective borrower’s company management, track record and experience *“to determine if the leadership and management of the company has sufficient experience and depth of knowledge to deliver the financial performance required to repay any borrowing”;*
- (7) *“on-going monitoring of loans”* by checking each prospective borrower’s *“performance and asset strength, loan interest and principal repayments and finally bond interest and principal payments to Bond Holder”* with the object being *“... to identify early any difficulties a borrowing company may be experiencing”;* and
- (8) for loans above £2m LCF would hold a non-executive position on the prospective borrower’s Board.

4.34. The reality of LCF’s lending process was nothing like that described in its financial promotions. 9 of the 12 borrowers had been incorporated for less than a year at the point they entered into loan facilities with LCF so it would have been impossible for LCF to have looked at 3 years of historic financial information. Of these 9, 7 were formed a matter of a few days or weeks before the loan agreements were entered into. None of the corporate borrowers had active trading histories (even those that had existed longer than a few days).

Mr Huisamen's knowledge of what LCF actually did

- 4.35. Throughout the Relevant Period, Mr Huisamen signed off Verification Schedules and/or confirmed COBS rule compliance for the LCF Information Memoranda and various iterations of the LCF website, while simply accepting verbal assurances from LCF senior management that there was a lending process that entailed rigorous financial due diligence. Mr Huisamen did not review any pertinent documentary evidence to check that LCF's lending process was the same as described in the LCF financial promotions and actually implemented by LCF in its recent decisions to lend. This was despite Mr Huisamen being aware of how important the alleged lending process was for influencing investment decisions into the LCF bonds and that investors could not carry out their own financial due diligence on corporate borrowers and were therefore reliant on LCF carrying out rigorous due diligence.
- 4.36. Mr Huisamen maintained this approach after a high concentration of lending decisions in the period April 2017 to May 2017 when LCF agreed to lend to 9 corporate borrowers. This was despite Mr Huisamen being aware since September 2016 at the latest, when he started documenting his misgivings about the lack of transparency and oversight of the lending process (see paragraph 4.17 above), and of the significant risk that LCF's stated lending process was not being followed (see paragraph 4.37 below).
- 4.37. During the time in which Mr Huisamen signed off LCF financial promotions and their Verification Schedules during the Relevant Period, he was aware of significant red flags (by September 2016 at the latest) that indicated a risk that LCF's lending process as described in the financial promotions was not being followed and a risk that the LCF business was not sustainable namely:
- (1) Mr Huisamen was aware that the corporate borrowers were newly incorporated companies and could not provide historic financial information. He therefore knew that, contrary to what LCF's Information Memoranda said, LCF could not have analysed the borrowers' performance over the last 3 years. Despite his awareness of this clear discrepancy Mr Huisamen took no steps to address the obviously misleading nature of what was stated about LCF's lending process.
 - (2) Mr Huisamen was aware that the corporate borrowers were connected to LCF in terms of close business and personal relationships amongst their directors and shareholders with LCF senior management. In

September 2016, Mr Huisamen recorded in a LCF conflicts of interest register the close relationships between LCF senior management and the corporate borrowers, along with his concern that LCF senior management could be influenced by the borrowers' boards who he wrote were comprised of "a similar group of people for all companies". Mr Huisamen knew that the conflicts of interest were unmanaged because that there was no oversight of the lending decisions that were all being made.

(3) Mr Huisamen repeatedly documented concerns over the period November 2016 to February 2018 that there was no oversight of the LCF lending decisions and that there was no documented lending criteria or lending policy. Furthermore, Mr Huisamen faced resistance from LCF senior management to his requests for transparency on the lending rationales and data to support them, yet he still approved the LCF financial promotions.

- 4.38. Symptomatic of his generally reckless approach, in around October 2018, Mr Huisamen found out by chance that LCF senior management had granted a "payment holiday" to all of the corporate borrowers, wherein it was agreed they did not need to make any payments to LCF. At this time, Mr Huisamen also reviewed financial forecasts showing many of the corporate borrowers had no means of generating any trading revenues for the next several years. In the interim, he understood LCF could only make payments of capital and interest to old investors by using money from new investors. Despite this and all his other knowledge of red flags, Mr Huisamen signed a Verification Schedule on 12 November 2018 for a second version of the Series 11 Information Memorandum, knowing that it would be relied on to sign off (on the same day and by someone unaware of the "payment holiday") confirmation that the Information Memorandum was compliant with the financial promotion rules.
- 4.39. Mr Huisamen should have ensured that LCF's financial promotions explicitly made reference to the lending process followed by LCF rather than the idealised one presented in the Information Memoranda. This information was vital if potential investors were to form a view on the risks of investing in LCF and its minibonds.

LCF loans were not secured against realisable assets

What LCF told prospective investors it did

4.40. The LCF financial promotions Mr Huisamen approved made the case that the LCF minibonds offered protection to investors because LCF held security over the assets of the corporate borrowers. They gave assurances that the maximum loan to value ratio would be 75% (meaning that each of the corporate borrowers would have realisable assets that could act as security of at least 33% greater value than the amount loaned to it).

4.41. For instance, at least 21 financial promotions verified by, and also usually signed off by Mr Huisamen, gave the following assurances about asset protection:

"How are the loan monies protected?"

When funds are lent out, a charge over either property or other assets of the Borrowing Company is taken at no more than 75% loan to value. So, for example, for a loan of £750,000, the value of the charged assets of the Borrowing would need to be at least £1 million".

4.42. These financial promotions included the LCF Information Memoranda (signed off over the period February 2017 to November 2018), 5 brochures (signed off over the period November 2017 to June 2018) and an iteration of the LCF website signed off in April 2018.

4.43. The term 'loan to value' is commonly used in relation to mortgage lending with lenders determining loans based on the value of the property being purchased and, especially combined with what prospective investors were told about property assets of corporate borrowers being appraised – see para 4.33 above – is likely to have led prospective investors to think that loans to corporate borrower were secured against land and other physical property.

4.44. However, for the most part LCF's lending was not secured against realisable assets held by the corporate borrowers, despite the assurances in the financial promotions to the contrary. While LCF held charges in the form of a deed of debenture there were virtually no realisable assets owned by most of the corporate borrowers for it to attach to.

Mr Huisamen's knowledge of realisable assets not being owned by the corporate borrowers

4.45. In February 2017, when Mr Huisamen in his capacity as a LCF director started signing off Verification Schedules for the financial promotions, he did not seek to verify corporate borrower asset ownership, despite being aware that the corporate

borrowers were virtually all newly incorporated companies (incorporated over the period April to May 2017).

- 4.46. In September 2017, Mr Huisamen began to make enquiries about the asset ownership of some of the corporate borrowers and noted in an email that he had not seen evidence that companies LCF was lending to owned any assets. Mr Huisamen was not provided with evidence to mitigate his concerns about the asset ownership, which led to him to write in a Compliance Report he produced in January 2018 (and in another report in February 2018), that: (i) it was unclear if the corporate borrowers legally owned the assets; (ii) the same assets were being used as security for loans to multiple different corporate borrowers; (iii) LCF had not physically confirmed the assets existed; and (iv) LCF had second charges rather than first charges on certain assets.
- 4.47. Despite not resolving these issues, Mr Huisamen continued signing off at least 11 LCF financial promotions over the period March 2018 to June 2018 that included the same statements about the bondholder funds being secured by the assets of the corporate borrowers at a maximum 75% loan to value ratio. The financial promotions he signed off on included:
- (1) brochures for the ISA Series 1 (21 March 2018), ISA Series 2 (21 March 2018), ISA Series 3 (5 June 2018), Series 11 (5 June 2018);
 - (2) Information Memoranda for the ISA Series 2 (1 March 2018), ISA Series 3 (5 June 2018), the ISA Series 4 (11 June 2018), and Series 11 (first version) (5 June 2018); and
 - (3) 3 new iterations of the LCF website (3 April 2018, 22 May 2018 and 11 June 2018).
- 4.48. In late June 2018, Mr Huisamen began to review files held by LCF, attempting to piece together the group structures of 6 of the corporate borrowers. LCF had made the decision to lend to each of these companies over a year previously. However, at this point, Mr Huisamen had not seen evidence that these corporate borrowers themselves directly owned any realisable assets and he was trying to understand how 4 of these corporate borrowers may have been connected via corporate group structures to development property overseas. The exercise found that there was a lack of evidence on whether corporate borrowers were part of the same corporate groups as third-party overseas companies that Mr Huisamen speculated may have owned land abroad. At late June 2018, Mr Huisamen had still not

established whether LCF had a valid security over the land, despite raising concerns about the asset ownership of corporate borrowers more than 9 months ago in September 2017.

- 4.49. Over the course of July 2018 to October 2018, Mr Huisamen corresponded with an external consultant, making multiple requests for evidence of the ownership of land abroad. Mr Huisamen was informed that some of the land in one country had not been transferred to the third-party overseas entity that Mr Huisamen thought may have been connected to 2 LCF corporate borrowers. He was also told that charges could not be placed over the parts of land that had transferred until all the land had been transferred. Even if this overseas entity had owned assets that charges could attach to, the LCF financial promotions would have still been misleading as they gave the impression that the corporate borrowers themselves directly owned significant assets, so that there was a maximum 75% loan to value ratio on the lending to each borrower (see paragraph 4.41 above).
- 4.50. Despite being told that LCF and certain corporate borrowers did not have any charges over the land that had been partially transferred to an overseas entity, Mr Huisamen on 11 November 2018 signed off a Verification Schedule for a new Information Memorandum for the Series 11 Bond that contained the same misleading statements about bondholder funds being secured by the assets of each corporate borrower at a maximum 75% loan to value ratio.
- 4.51. Mr Huisamen should have ensured that LCF's financial promotions did not provide misleading assurances of protection, regarding the asset position of corporate borrowers.

The ineligibility of LCF's ISA bonds for inclusion within an ISA wrapper

What LCF told prospective investors

- 4.52. With the introduction of its ISA bonds in November 2017, LCF began to target retail investors who were familiar with ISA products.
- 4.53. LCF's financial promotions approved by Mr Huisamen described its ISA bonds as debentures which qualified as investments which could be part of the (then) relatively new Innovative Finance ISA wrapper. LCF stated that this would allow investors to benefit from "tax-free income" and that existing ISA balances could be transferred into the LCF ISA bonds. LCF further stated that prospective investors' annual ISA allowance could be used to invest in the bonds and that investors might be able to transfer multiple years of saving from existing ISA

balances into the LCF ISA bonds. Investors were told that the LCF ISA bonds were free from capital gains tax and income tax and that all interest received would be earned tax-free.

- 4.54. In order for bonds to be qualifying investments for an Innovative Finance ISA they have to meet certain conditions, including that they are transferable (see Regulation 8A(2) and (4) of the Individual Savings Account Regulations 1998/1870). LCF's ISA bonds did not in fact qualify as ISA investments as they were non-transferable. The Information Memoranda issued by LCF contained clear statements about the non-transferability of the bonds. Prospective investors were misled by LCF financial promotions approved by Mr Huisamen on this point and the financial promotions should never have described the bonds as ISA bonds.

Mr Huisamen's knowledge

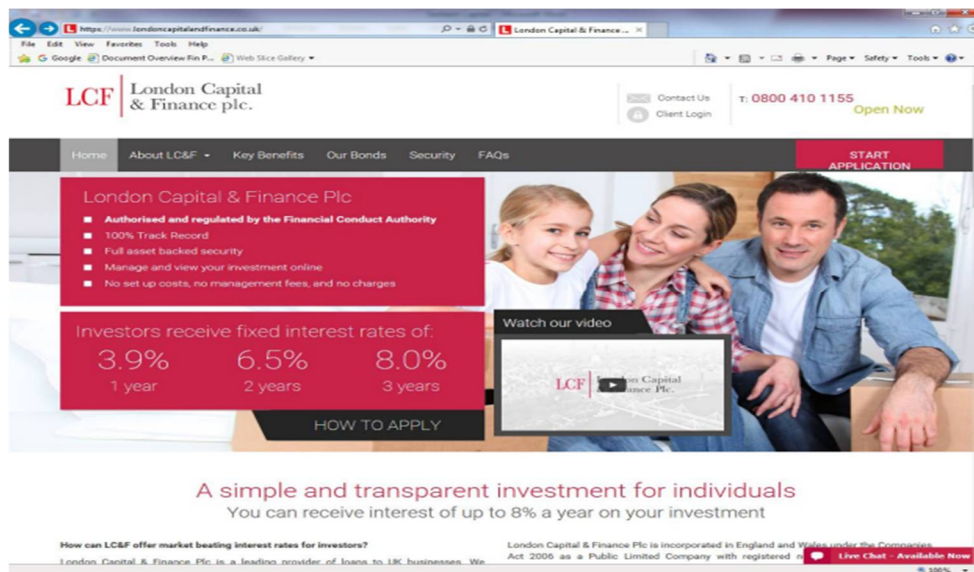
- 4.55. On 30 November 2017, the Information Memorandum for the ISA Series 1 Bond was signed off as compliant by Mr Huisamen. This was the first LCF financial promotion for an ISA bond. Whilst not legally qualified Mr Huisamen did have some awareness that it was a requirement for a bond to be transferable to be held in an ISA and was also aware that LCF's bonds were not transferable. Nevertheless, Mr Huisamen signed off the Information Memorandum as compliant without taking proper steps to ascertain the legal position.
- 4.56. On 1 December 2017, the day after Mr Huisamen signed off the Information Memorandum, a third party warned Mr Huisamen that 2 lawyers had strongly advised that the LCF bonds non-transferable status meant that they were not ISA compatible. However, far from acting on this information, Mr Huisamen chose to accept the assurance of LCF's senior management (who were not legally qualified) who had formed the view that the bonds were ISA compatible on the basis they fell within (their interpretation of) a certain rule. Mr Huisamen did not challenge LCF's senior management's decision to stand down lawyers from advising on this point. Further, Mr Huisamen did not challenge this assertion, or request evidence to support it. Mr Huisamen then proceeded, over the period March 2018 to December 2018, to sign off and oversee the sign off of numerous other LCF financial promotions that misleadingly described the LCF minibonds as ISA bonds. These included brochures for the ISA Series 1 and ISA Series 2 (both signed off by Mr Huisamen on 21 March 2018), Information Memoranda for ISA Series 3 and ISA Series 4 (both signed off by Mr Huisamen in June 2018) and social media adverts for LCF ISAs (see tables at paragraphs 4.20, 4.22 and 4.24 above).

- 4.57. The issue of ISA compatibility was brought back to Mr Huisamen's attention in October 2018 by an investor, who believed the LCF bonds were not compatible with an Innovative Finance ISA. On 26 October 2018, Mr Huisamen emailed an ISA expert requesting clarification. The ISA expert replied highlighting the conditions in the ISA Regulations that needed to be met for an investment to be a qualifying investment for an innovative finance ISA, which included a clear requirement that the securities needed to be transferable securities. Mr Huisamen did not take any action or make further enquiries on the basis he considered the issue had been addressed previously by lawyers even though LCF's senior management had stood lawyers down from advising on the point (see paragraph 4.56 above). Mr Huisamen also failed to pass on what he had been told about the ISA Regulations requirements to the person who was signing off LCF financial promotions describing LCF minibonds as ISA bonds.
- 4.58. Mr Huisamen should have ensured that LCF's financial promotions did not market the LCF Bonds as ISAs. Instead, he recklessly ignored the warnings he received that they were not compatible with ISAs. In total, misleadingly described ISA bond financial promotions induced 8,388 investors to invest £108m in LCF ISA bonds.

Halo effect offered by Authority authorised status of LCF

What LCF told prospective investors

- 4.59. A significant number of LCF's financial promotions including adverts and LCF's website (which a prospective investor was likely to have visited prior to making an investment decision) made reference to LCF being authorised by the Authority with prominently placed statements such as "*LC&F is authorised and regulated by the Financial Conduct Authority ...*" or "*Authorised & regulated by the Financial Conduct Authority for credit broking activities.*" Whilst more detailed aspects of LCF's financial promotions, such as the Information Memoranda, would sometimes state that the bonds being advertised were not regulated, or did not fall within the scope of credit broking activities, that was insufficient to overcome the 'halo effect' brought about by the way in which LCF presented its Authority-authorised status which created an unjustified impression of integrity to prospective investors and which provided a false level of comfort to investors when no such comfort was merited.
- 4.60. An example of this can be seen on LCF's website which, in 2017, stated that LCF was: "*Authorised and regulated by the Financial Conduct Authority*" in bold as the first point on the homepage:



4.61. In the context of selling minibonds to retail investors, the authorised status of LCF was of no relevance whereas the unregulated nature of the bonds (and the effect of that on FSCS coverage) was highly relevant. As such, in order for the promotions to have been fair, clear and not misleading, the information about the unregulated nature of the minibond business, and lack of FSCS coverage should have been featured much more prominently than the LCF authorised status than it was (if the latter was referred to at all).

Mr Huisamen's knowledge of the Authority authorised status of LCF being used in a misleading manner in LCF financial promotions

4.62. Mr Huisamen was aware that LCF's minibond business was not regulated by the Authority.

4.63. In addition, the Authority wrote to Mr Huisamen and LCF on 5 occasions during the period September 2016 to August 2017 stating that LCF's website was not in compliance with the financial promotion rules in COBS because it highlighted LCF's authorised status without providing clear and prominent clarification (and sometimes any clarification) that the LCF minibonds were not authorised. Mr Huisamen responded on each occasion stating that the references to the authorised status would be amended or removed. However, Mr Huisamen repeatedly permitted the same misleading use of LCF's authorised status to keep reoccurring on the LCF website and other LCF financial promotions.

4.64. Mr Huisamen should have ensured that LCF's financial promotions clearly and simply set out the unregulated nature of LCF's minibond business so as not to confuse and mislead prospective investors about the nature of the products they were considering investing in.

5. FAILINGS

LCF's breaches of the fair, clear and not misleading rule (COBS 4.2.1(1)R)

5.1. During the Relevant Period, LCF failed to ensure that its financial promotions were fair, clear and not misleading, thereby breaching COBS 4.2.1(1)R as follows:

- (1) LCF claimed it would lend funds raised to carefully selected UK corporate borrowers which had undergone a full and strict financial due diligence review. This claim was untrue and misleading because the corporate borrowers were not independent of LCF or each other, they were not carefully selected, and LCF conducted no meaningful due diligence before lending.
- (2) Despite the numerous assurances LCF provided to prospective investors in its financial promotions about the safety and security of its minibonds, including that the loans made by LCF were secured against assets of the relevant borrowing company, with a maximum loan to value of 75% (so that, for example, for a loan of £750,000 LCF would have taken security over £1m of the borrowing company's assets) the funds loaned were in fact on the whole not secured against realisable assets held by the corporate borrowers.
- (3) LCF's financial promotions gave the misleading impression there were no hidden fees, charges, or deductions when in fact for every £1 invested, LCF paid fees of 25.5% to meet its online marketing and other support service costs and these fees were not disclosed to prospective investors.
- (4) Not only was the impression given that there were no hidden fees misleading and unfair, the 25.5% in fees paid by LCF was passed on directly to the corporate borrowers (unbeknownst to potential investors who were not even aware of the fees). This meant that in order for bondholders to receive the interest promised on the minibonds (most of which were offered at interest rates of between 6.5% and 9.1%, although rates went as high as 11%), as well as their capital back, the corporate borrowers needed to generate very high rates of return to cover the 25.5% of hidden fees over and above: (a) the high level of interest due to bondholders; (b) a disclosed lending fee due to LCF of 2%; and (c) a disclosed 2% interest 'turn' charged annually by LCF. The

failure to disclose that LCF's business model depended on the corporate borrowers being able to generate commensurately large rates of return made LCF's financial promotions unfair and misleading because it meant investors could not accurately assess the risk of investing in LCF's minibonds.

(5) The minibonds LCF marketed as ISA bonds were not in fact qualifying investments for inclusion within an ISA wrapper. LCF's misleading marketing in this regard induced 8,388 investors to invest £108m in LCF ISA bonds, many of them transferring out of legitimate ISA qualifying investments (rendering the investors potentially liable to tax).

(6) Even though LCF's minibond business was not regulated by the Authority, LCF's financial promotions prominently featured the fact it was authorised by the Authority. This resulted in an unmerited 'halo effect' as LCF's highlighting of its authorised status in this way presented an unjustified impression of integrity to prospective investors.

Mr Huisamen's knowing concern in LCF's breaches

5.2. By reason of the facts and matters above, during the Relevant Period, whilst approved by the Authority to perform controlled functions at LCF, Mr Huisamen was knowingly concerned in LCF's breaches of the fair, clear and not misleading rule (COBS 4.2.1(1)R).

5.3. Mr Huisamen had responsibility at LCF for ensuring the LCF financial promotions were compliant with the rules in Chapter 4 of COBS. However, he failed to act with integrity in the verification and approval of the LCF financial promotions, which directly resulted in the misleading, unfair, and unclear financial promotions, described above.

5.4. In particular, during the Relevant Period, Mr Huisamen was knowingly concerned in LCF's breaches described above, and his conduct demonstrated a reckless lack of integrity, because he verified and/or approved or oversaw the verification and/or approval of, of LCF financial promotions:

(1) Without reviewing relevant documentary evidence for key representations that he knew investors would heavily rely upon for their investment decisions. This included statements about LCF carrying out rigorous financial due diligence on corporate borrowers prior to the LCF lending decisions. Mr Huisamen was aware of clear signs that no such

financial due diligence had been undertaken by LCF, but this did not impact his approach to signing off on LCF's financial promotions.

- (2) That failed to disclose upfront fees that were equivalent to 25.5% of the amount each bondholder invested, which were used by LCF to pay for its marketing and other support service costs. Mr Huisamen knew about these fees which he was keen to negotiate to a lower rate and had concerns about the risk to corporate borrowers due to the high rate of fees. Mr Huisamen must have known that the high rate of fees could impact on the sustainability of the LCF lending model.
- (3) Despite progressively becoming aware of information making it clear that corporate borrowers for the most part did not own realisable assets that could act as security for their loans, he signed off on financial promotions which provided prospective investors with assurances as to the secured nature of the lending made by LCF (as described above).
- (4) He continued to verify and/or sign off (or oversee the verification and approval process) of LCF financial promotions that contained misleading claims that LCF loaned funds to corporate borrowers on the basis of a maximum loan to value of 75% on the lending to each borrower (as described above) when he knew that this was not the case.
- (5) He continued to verify and/or approve or oversee the verification and approval process of financial promotions claiming that LCF's lending process carried out strict financial due diligence on the corporate borrowers despite major red flags indicating this was not the case. By early November 2018 at the latest, Mr Huisamen was aware that all of the corporate borrowers had been granted a payment holiday and LCF was relying on funds from new investors to pay old investors. Nevertheless, Mr Huisamen was directly involved that month in confirming an LCF Information Memorandum was compliant with the financial promotion rules which claimed the LCF lending process entailing a rigorous financial due diligence process.
- (6) Which claimed that LCF's minibonds were suitable for inclusion within an ISA wrapper. This was despite being warned that 2 professional advisors had stated the minibonds' non-transferrable status was inconsistent with the requirements in the ISA Regulations. Mr Huisamen disregarded the warnings and instead accepted the word of LCF's senior management

that the minibonds were ISA compatible, without any challenge, or reviewing any relevant supporting evidence.

(7) Which prominently featured LCF's authorised status without clear and prominent (and sometimes any) clarification that the minibonds were not regulated investments. Mr Huisamen knew that this would likely mislead investors about the regulated status of the minibonds, as the Authority wrote to him about this issue on a number of occasions. Nevertheless, on 19 April 2018 and 29 May 2018 Mr Huisamen approved other financial promotions that contained the same misleading statements about LCF's authorised status.

Not fit and proper

5.5. The Authority considers that Mr Huisamen's actions as described in this Notice demonstrate that he lacks fitness and propriety because he lacks integrity.

6. SANCTION

Financial penalty

6.1. The Authority's policy for imposing a financial penalty is set out in Chapter 6 of DEPP. In respect of conduct occurring on or after 6 March 2010, the Authority applies a five-step framework to determine the appropriate level of financial penalty. DEPP 6.5B sets out the details of the five-step framework that applies in respect of financial penalties imposed on individuals in non-market abuse cases.

Step 1: disgorgement

6.2. Pursuant to DEPP 6.5B.1G, at Step 1 the Authority seeks to deprive an individual of the financial benefit derived directly from the breach where it is practicable to quantify this.

6.3. The Authority has not identified any financial benefit that Mr Huisamen derived directly from the breaches in which he was knowingly concerned.

6.4. Step 1 is therefore £0.

Step 2: the seriousness of the breach

6.5. Pursuant to DEPP 6.5B.2G, at Step 2 the Authority determines a figure that reflects the seriousness of the breach. That figure is based on a percentage of the individual's relevant income. The individual's relevant income is the gross amount

of all benefits received by the individual from the employment in connection with which the breach occurred, and for the period of the breach. "Employment" includes, but is not limited to, employment as an advisor, director, partner or contractor (DEPP 6.5B.2 G (1)).

6.6. The period of LCF's breaches in which Mr Huisamen was knowingly concerned was from 10 February 2017 to 10 December 2018. The Authority considers Mr Huisamen's relevant income for this period to be £151,825.28.

6.7. In deciding on the percentage of the relevant income that forms the basis of the step 2 figure, the Authority considers the seriousness of the breach and chooses a percentage between 0% and 40%. This range is divided into 5 fixed levels which represent, on a sliding scale, the seriousness of the breach; the more serious the breach, the higher the level. For penalties imposed on individuals in non-market abuse cases there are the following 5 levels:

- Level 1 – 0%
- Level 2 – 10%
- Level 3 – 20%
- Level 4 – 30%
- Level 5 – 40%

6.8. The Authority will assess the seriousness of a breach to determine which level is most appropriate to the case.

6.9. In assessing the seriousness level, the Authority takes into account various factors which reflect the impact and nature of the breach, and whether it was committed deliberately or recklessly.

Impact of the breach

6.10. DEPP 6.5B.2G(8) sets out factors relating to the impact of a breach. Of these, the Authority considers the following factors to be relevant to Mr Huisamen's knowing concern in LCF's breaches:

- (1) the losses caused by LCF's breaches which Mr Huisamen helped facilitate were considerable, amounting to £237.8m being owed to bondholders (DEPP 6.5B.2G(8)(b));
- (2) the number of individuals affected by LCF's breaches which Mr Huisamen helped facilitate was also considerable, amounting to 11,625 individual bondholders (DEPP 6.5B.2G(8)(b));

- (3) the breaches of LCF which Mr Huisamen helped facilitate affected a particularly vulnerable group, the retired and elderly looking to invest their savings (DEPP 6.5B.2G(8)(d);
- (4) the breaches of LCF which Mr Huisamen helped facilitate caused inconvenience and distress to bondholders who had lost their savings by investing in LCF's minibonds (DEPP 6.5B.2G(8)(e); and
- (5) the breaches of LCF which Mr Huisamen helped facilitate had an adverse effect on confidence in the integrity of the UK financial system to the extent that HM Treasury took the unprecedented decision to compensate bondholders beyond the scope of the FSCS scheme due to the "*unique and exceptional*" situation bondholders found themselves in (DEPP 6.5B.2G(8)(f).

Nature of the breach

6.11. DEPP 6.5B.2G(9) sets out the factors relating to the nature of a breach. Of these, the Authority considers the following factors to be relevant to Mr Huisamen's knowing concern in LCF's breaches:

- (1) the breaches took place frequently over an extended period of time, from February 2017 to December 2018 (DEPP 6.5B.2G(9)(b);
- (2) Mr Huisamen failed to act with integrity throughout the Relevant Period (DEPP 6.5B.2G(9)(e)); and
- (3) Mr Huisamen was the CF10 Compliance Officer at LCF responsible for ensuring LCF's financial promotions were COBS compliant and thus his responsibilities were directly at the heart of the misconduct (DEPP 6.5B.2G(9)(l)).

6.12. DEPP 6.5B.2G(12) lists factors likely to be considered 'level 4 or 5 factors'. Of these, the Authority considers the following factors to be relevant to the LCF breaches that Mr Huisamen was knowingly concerned with:

- (1) the breaches caused significant loss (DEPP 6.5B.2G(12)(a);
- (2) Mr Huisamen failed to act with integrity (DEPP 6.5B.2G(12)(d); and

(3) Mr Huisamen acted recklessly by approving financial promotions that contained information he must have known was misleading (DEPP 6.5B.2G(12)(g)).

6.13. DEPP 6.5B.2G(13) lists factors likely to be considered 'level 1, 2 and 3 factors'. The Authority considers that none of these factors apply.

6.14. Taking all of these factors into account, the Authority considers the seriousness of the breach to be level 4 and so the Step 2 figure is £45,547.58.

Step 3: aggravating and mitigating factors

6.15. Pursuant to DEPP 6.5B.3G, at Step 3 the Authority may increase or decrease the amount of the financial penalty arrived at after Step 2, but not including any amount to be disgorged as set out in Step 1, to take into account factors which aggravate or mitigate the breach. Any such adjustments will be made by way of a percentage adjustment to the figure determined at Step 2.

6.16. Having regard to the factors set out in DEPP 6.5B.3G, the Authority considers that there are no factors that aggravate or mitigate the breach, so the Authority has not increased or decreased the penalty at Step 3.

6.17. The Step 3 figure is therefore £45,547.58.

Step 4: adjustment for deterrence

6.18. Under DEPP 6.5B.4G, if the Authority considers that the figure arrived at after Step 3 is insufficient to deter the individual who committed the breach, or others, from committing further or similar breaches, then the Authority may increase the penalty. The Authority considers that the figure at Step 3 is sufficient to act as a deterrent to Mr Huisamen and others, so the Authority has not increased the penalty at Step 4.

6.19. The Step 4 figure is therefore: £45,547.58.

Step 5: settlement discount

6.20. Pursuant to DEPP 6.5C.5, if the Authority and the individual on whom a penalty is to be imposed agree the amount of the financial penalty and other terms, DEPP 6.7 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which the Authority and the individual reached agreement.

- 6.21. The Authority and Mr Huisamen reached agreement at Stage 1 and so a 30% discount applies to the Step 4 figure.
- 6.22. Step 5 is therefore £31,800 (rounded down to the nearest £100 in accordance with the Authority's usual practice).

Penalty

- 6.23. The Authority therefore hereby imposes a total financial penalty of £31,800 on Mr Huisamen for being knowingly concerned in LCF's breaches of COBS 4.2.1(1)R.

Prohibition

- 6.24. The Authority has the power to prohibit an individual under section 56 of the Act if it appears to the Authority that the individual is not a fit and proper person.
- 6.25. In light of the serious nature of Mr Huisamen's misconduct, involving a lack of integrity, the Authority considers that Mr Huisamen is not a fit and proper person to perform any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm. The Authority considers that it is therefore appropriate and proportionate in all the circumstances to impose a prohibition order on Mr Huisamen under section 56 of the Act in those terms.
- 6.26. In deciding to impose a prohibition order on Mr Huisamen, the Authority has had regard to the guidance in Chapter 9 of EG. The Authority has, in particular, taken account of the fact that Mr Huisamen's misconduct occurred several years ago. However, the Authority considers that the seriousness of Mr Huisamen's misconduct, which involved him recklessly approving LCF financial promotions over a number of years with little to no regard to whether they were fair, clear and not misleading, is such that Mr Huisamen poses a serious risk to confidence in the UK financial system and a risk to consumers. The Authority considers that it is appropriate to impose a prohibition order on Mr Huisamen in order to advance the Authority's operational objectives of protecting and enhancing the integrity of the UK financial system and protecting consumers.

7. PROCEDURAL MATTERS

- 7.1. This Notice is given to Mr Huisamen under and in accordance with the section 390 of the Act.
- 7.2. The following statutory rights are important.

Decision maker

- 7.3. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

Manner and time for payment

- 7.4. The financial penalty must be paid in full by Mr Huisamen to the Authority as follows: £7,950 by 13 August 2024; a further £7,950 by 13 February 2025; a further £7,950 by 13 August 2025; and a final £7,950 by 13 February 2026.
- 7.5. If Mr Huisamen fails to pay in accordance with his agreement with the Authority, the Authority may recover the full outstanding amount of the financial penalty as a debt owed by Mr Huisamen to the Authority.

Publicity

- 7.6. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this notice relates. Under those provisions, the Authority must publish such information about the matter to which this notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.
- 7.7. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

- 7.8. For more information concerning this matter generally, contact Gareth Buttrill at the Authority (email: gareth.buttrill@fca.org.uk).

Kerralie Wallbridge

**Head of Department
Financial Conduct Authority, Enforcement and Market Oversight Division**