

CONFIDENTIAL

## Cameron Farley Action Group



web: [www.FSAUKLegalAction.com](http://www.FSAUKLegalAction.com)  
mail: [admin@FSAUKLegalAction.com](mailto:admin@FSAUKLegalAction.com)  
Tel: +44 (0) 1462 657449

**Re: Cameron Farley Ltd**  
(In Administration & Liquidation)

## **TIMELINE: Summary of Events**

This document contains confidential information and is intended only for the recipient to whom it was originally sent. If you are not the original recipient, or did not receive this document direct from the Cameron Farley Action Group Committee Members you should not disseminate, distribute or copy this document. Please notify the Cameron Farley Action Group immediately if you have received this document in error and delete the document from your system.

CONFIDENTIAL

**CONFIDENTIAL**

**1991** Stephen Farley is convicted of Theft

**1993** Stephen Farley is convicted of Fraud - custodial sentence served.

**23rd March 2004**

Cameron Farley Limited is incorporated with Stephen Farley as sole shareholder and Director. Unknown if he was sole director or not at this stage. The company began accepting deposits from investors and it grew by word of mouth as the early investors earned significant returns on their initial 'capital injections'.

**June 2005** (source: FSA Citation of 16th October 2009)

FSA "made investigations into Farley in respect of possible unregulated activity"  
Outcome unknown.

**19th December 2005** (source: FSA Citation of 16th October 2009)

*"On about 19th December 2005, (Farley) advised the (FSA) that he had become an authorised representative of Personal Touch Financial Services Ltd. Subsequently inquiries revealed that Personal Touch Financial Services Ltd had rejected his two applications for authorisation."*

**4th April 2007** (source: FSA Citation of 16th October 2009)

*"At an unannounced site visit **(Farley) initially advised the (FSA's) officers that all foreign exchange dealing for clients was organised through a US company called Gain.** (Farley) subsequently admitted that (they) carried out some foreign exchange dealings on behalf of clients."*

*"In an application for authorisation submitted to the (FSA) on behalf of a related company, CAMERON FARLEY INVESTMENTS, (Farley) **intentionally failed to disclose** previous investigations which the (FSA) had had into his business activities."*

**CONFIDENTIAL**

CONFIDENTIAL

**10th May 2007 - FSA meeting with Cameron Farley Ltd (Stephen Farley)**

After the meeting an email was sent to Farley by Rachel Hallett (nee Selby) as follows:

*“ Further to our meeting at 1.00pm today, I am writing to confirm the actions that we agreed during our discussions. You agreed to provide me and my colleague Dick with the following information:*

- 1).... A log-in and password to grant us access to your online client information system*
- 2).... A copy of the communication(s) you have already sent to the investors*
- 3).... Written confirmation of your undertaking to cease accepting or conducting further FOREX business until the matters have been resolved to the satisfaction of the FSA***
- 4).... Written confirmation of your plan of action in terms of consulting experts for advice on the issues raised by the FSA, anticipated future action plan etc*
- 5).... Written confirmation of a suggested banking arrangement for holding client monies in a secure environment until the matters have been resolved to the satisfaction of the FSA.***

*We agreed in the meeting that Wednesday 16th May would be a suitable date by which to receive this information. We appreciate that you may not have been able to obtain all the advice you need by this date, but we would appreciate as detailed a response as possible to keep us up to date with progress.*

*If you have any questions or problems, please do not hesitate to contact me or my colleague Dick. I look forward to receiving your response by Wednesday 16th May.”*

**11th June 2007 - Farley failed to meet the requirements**

*"Rachel Hallett" <rachel.hallett@fsa.gov.uk>*

*To: "Stephen Farley" <sfarley@cameronfarley.com>*

*Date: Mon, 11 Jun 2007 16:45:20 +0100*

*Subject: FSA follow up - Proposals as per our meeting of the 9th May 2007*

*> \*\*\*\*\**

*Your attention is drawn to the warning notice at the end of this message.*

*Dear Mr Farley*

*I have reviewed your proposals together with the information/ documentation you provided to the FSA during our meeting of 10th May 2007.*

*I am writing to follow up on a few points to ensure that the FSA is in possession of all relevant information: Your proposal document indicated that the FSA would be in possession of a log-in to your client information system so that we could review*

CONFIDENTIAL

**CONFIDENTIAL**

*information such as the communications sent to investors, amounts of money invested with Cameron Farley etc. We have not received this log-in to date. Please could you arrange for this to be provided to me as soon as possible. Your proposal mentioned that you had arranged for a new bank account to be opened in which client funds could be held until all FSA matters have been dealt with. Please could you advise the FSA as soon as possible of the bank account number, sort code, name of bank where the account is held and the balance (i.e. the amount of investor money that has been transferred into the account). You mentioned in your proposal that you would be providing the FSA with a written undertaking (letter) that Cameron Farley had ceased all FOREX business until a satisfactory arrangement has been agreed with the FSA. This has not yet been provided to the FSA. Please send this letter as soon as possible."*

Farley then employed the services of Greg Pritchard of CPA Audit to assist him in an application to the FSA for Part IV Permission. Many of the communications, invoices etcetera are held on file.

*Continued discussions with FSA:*

*"From: Bob Friday FSA*

*Sent: 06 May 2008 10:02*

*To: Stephen Farley*

*Cc: Denise Sbraga; Mark Ferguson; John McNicholas; gregory.pritchard*

*Subject: RE: Copy of letter sent on Thursday 24th April 08*

*Your attention is drawn to the warning notice at the end of this message.*

*Stephen,*

*Sorry for the delay in coming back to you but I needed to confirm the availability of the appropriate people here at the FSA. Next week, commencing 12 May appears to offer the best opportunity. Bearing in mind you will be undertaking the travelling are there any days you cannot make next week and do you have a preferred time slot between say 10 am and 5 pm. I would like to put aside two hours for our meeting to ensure we can have a comprehensive discussion.*

*Look forward to hearing from you and happy to discuss on the telephone if that is more convenient.*

*Regards Bob.*

*Bob Friday - Permissions Department - FSA"*

(More in depth documents, communications etc are held on file)

**CONFIDENTIAL**

CONFIDENTIAL

**28 July 2008**

FSA appoint investigators under section 168(3) of the Financial Services Markets Act 2000 (the ACT). The reason for the appointment was that there were circumstances suggesting that the company may have been engaged in activities in breach of section 19 of the Act.

**2nd September 2008 - 'D-DAY'**

**'The FSA conducted a search of the Company's trading premises and obtained an interim interdict and arrestment order in the Court of Session, freezing the Company's bank accounts and restraining further breaches of the Act.'**

**23rd September 2008**

Trades take place on Gain Capital trading platform (**which FSA knew was used by the Company - evidenced in Citation dated 16th October 2009**) causing LOSSES of approximately **£11,000,000** of Investors' funds. This is all documented in Grant Thornton report.

*"1st October 2008*

*Re: Account*

*Dear GAIN Client:*

*This is a notification that your position(s) was liquidated today. The margin required to maintain the position(s) exceeded the available funds in your account.*

*Please contact GAIN Capital immediately if you have any questions in regard to this account activity.*

*Sincerely,*

*GAIN Client Services"*

(more copies of this email held on file, dated 6th Oct and 8th Oct)

CONFIDENTIAL

**CONFIDENTIAL**

**9th October 2008 - Farley's lawyers write to FSA:**

*" To McGrigors LLP  
From Irwin Mitchell  
Copy Beatrice Schady, Costas Pittas  
Date 9 October 2008*

*Dear Sirs,*

*Cameron Farley Ltd  
Stephen Farley  
FSA Investigation*

*We are currently taking instructions in relation to the matters raised in your letter dated 8 October 2008.*

*You have asked for details of the assets of CFL. We are seeking further information from our client, however, we can inform you that funds were transferred from CFL to a foreign exchange trading platform in the US called Gain capital. Our client is to provide us with account details and access codes for Gain Capital trading platform.*

*As you will appreciate, Mr Farley/Cameron Farley Ltd is currently unable to take any steps to secure or preserve those funds due to (a) the risk of being in possible breach of the interdict restraining him from conducting regulated activities and/or (b) the FSA's investigation into offences under sections 19, 21 and 397 of FSMA.*

*In the current climate, and following fluctuation in the global market our client has instructed that these funds have vastly reduced to a point where only a nominal amount is remaining in the Gain Capital account. Cameron Farley Ltd has been advised by accountants to enter into administration. If the FSA decides that further action is required in relation to the Gain Capital Account, we will be happy, subject to our client's instructions, to provide further information/assistance.*

*Due to the urgency attached to this letter we have copied in Beatrice Schady and Costas Pittas of the FSA."*

**17th October 2008**

*Cameron Farley Investments Limited - Directors Stephen Campbell & John Cameron appointment terminated.*

**20th October 2008**

*'The FSA present a petition for the winding up of the Company and requested the Appointment of James Earp and Robert Caven of Grant Thornton UK LLP (Grant Thornton) as joint provisional liquidators to secure, preserve and investigate the asset position of the Company, pending the hearing of the winding up petition.'*

*Grant Thornton appointed by the court (based on FSA petition/request)*

**CONFIDENTIAL**

**CONFIDENTIAL**

**23rd October 2008 - FSA warning issued**

*“Warning – Cameron Farley Limited*

*We have lodged a petition in the High Court for the winding up of Cameron Farley Limited, based in Edinburgh.*

*The High Court has also appointed Robert Caven and James Earp, of Grant Thornton UK LLP as provisional liquidators to take control of the company and its assets pending the hearing of the petition.*

*We have taken this action to protect UK customers and depositors with Cameron Farley because the company may have accepted deposits without FSA authorisation.*

*Last month we took out a court order in Scotland to freeze certain assets of the company and prevent further breaches of our rules. Our investigation is continuing.*

*What happens next?*

*We have asked the High Court to allow the company to be wound up. Until then the provisional liquidators have taken control of the company and will try to find and protect its assets. They also have the power to investigate its affairs.*

*There will be a further court hearing on 4 February 2009 – when the court will decide whether to order the winding-up of Cameron Farley Limited.*

*If that happens, liquidators will be able to realise any assets in the company’s name, pay the fees and charges arising from the liquidation, and pay the company’s debts as far as funds allow, in order of priority.*

*Can I get my money back?*

*If the company has accepted deposits without authorisation, those customers will not have access to the Financial Services Compensation Scheme (FSCS). It is unlikely that customers will be able to claim back their money until after the hearing of the petition. If the company is wound up, you will be given the opportunity to make a written claim to the liquidator.*

*When can I get more information?*

*We will update customers as soon as the High Court has reached a decision after 4 February 2009.*

*If you have any information that you think would be helpful, or you wish to lodge a claim please write to:*

*James Earp*

*Grant Thornton UK LLP*

*30 Finsbury Square*

*London EC2P 2YU*

*Or send an email to [Chris.Perrins@gtuk.com](mailto:Chris.Perrins@gtuk.com)”*

**CONFIDENTIAL**

CONFIDENTIAL

5th June 2009

*“At a hearing held today, Friday 5 June 2009, at the Royal Courts of Justice, a Consent Order between the FSA and Cameron Farley Ltd was approved by the judge, Mr Justice Henderson.*

*It has been agreed that the company be wound up (i.e. go into Compulsory Liquidation) and an Administration run along side it. The purpose of the Administration will be to realise the assets of the company; those realisations will not be subject to the Ad Valorem charge previously mentioned. James Earp and Robert Caven of Grant Thornton (UK) LLP have been appointed as Joint Liquidators in the Compulsory Liquidation and Joint Administrators in the Administration, and all creditors should receive a communication from them in due course.*

*At this point in time we are not instructed to proceed with a CVA, and our engagement with Cameron Farley Ltd in respect of this matter has now ended.*

*Further details relating to this matter can be found in the Consent Order. A copy of the draft Consent Order, which is the same as that approved by the Court, can be found here. Please note that you will need Adobe Acrobat Reader to open this file; the latest version can be downloaded free from [HYPERLINK "http://www.adobe.com/uk" http://www.adobe.com/uk](http://www.adobe.com/uk)*

*All queries should now be directed to Grant Thornton, who can be contacted as follows:*

*30 Finsbury Square  
London  
EC2P 2YU”*

*(Court documents, petition etc held on file)*

*Brief quote:*

*“IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
Friday the 5th day of June 2009  
IN THE MATTER OF CAMERON FARLEY LIMITED  
AND IN THE MATTER OF THE FINANCIAL SERVICES AND MARKETS ACT 2000  
AND IN THE MATTER OF THE INSOLVENCY ACT 1986*

---

*ORDER*

---

*UPON THE PETITION of the Financial Services Authority (“FSA”) presented on 25 November 2008 seeking an order that Cameron Farley Limited (“the Company”) be wound up by order of the Court AND UPON THE ADMINISTRATION APPLICATION of Stephen Farley issued on 3 February 2009 seeking an order that an administration order be made in relation to the Company AND UPON HEARING Counsel for the FSA and Mr Farley in person AND UPON THE COURT being satisfied that the EC Regulation on Insolvency Proceedings does apply and that these are main proceedings as defined in Article 3 AND UPON the parties agreeing the terms of this Order BY CONSENT IT IS ORDERED: Administration order.....”  
(Full documents on file)*

CONFIDENTIAL

**CONFIDENTIAL**

**16th October 2009 - Court Citation (Docs held on file, key document)**

**7th May 2010** - FSA write to some Creditors (who had written formal complaints to FSA back in 2008) stating that their investigation into Cameron Farley had concluded.

**20 May 2010** - FSA write again to complaining Creditors:

*"We will write to you again on or before 11 June 2010 setting out our summary of our understanding of your complaint and whether we propose to investigate the matters you have raised".*

That's the timeline of the most notable events. Obviously there is more detail and information but that's the skeleton of key events to date.

**Financial Summary (according to Grant Thornton LLP):**

Total funds placed into Cameron Farley Ltd = £40M approx

Total Claims against the company = £19-20M approx

Total LOST AFTER FSA INJUNCTION = \$17.5M or approx £11M Sterling

**CONFIDENTIAL**