

The Premier FX Fraud Fiasco

The Transparency Task Force

- We are seeking advice on a Route we have missed or
- Direction that we have not considered which could assist in getting our repayment.
- Serious Premeditated frauds and thefts are taking place by FCA authorised & regulated firms
- The PFX fraud debacle hit the fan on 27 July 2018 (before mini bonds and LCF mis-selling)
- PFX payment service users constantly shunted aside by UK investigating authorities while

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- THE SCAM
- PFX directors engaged in fraud and embezzlement for 12 years while providing a money currency service in UK, Portugal & Spain
- Committed offences under Payment Service regulations (2009 and 2017)
- Criminal offences under FSMA (2000 and 2012) confirmed by CEO Andrew Bailey in Nov 2018
- FCA Censure Notice Feb 2021 confirms unlawful Ponzi scam scheme and above offences
- Attributes blame to deceased founder director Peter Rexstrew who died 16 June 2018.
- Ignores fact that throughout 2018 the other directors were operating the business while he was ill.
- Paid out £30m in June and July after founder died yet claimed no customer records exist.

- Premier's Glaring Offences
- No insurance
- No capital protection
- No client monies segregation, No Safeguarding
- No compliance with PSR Licence, FSMA, AML, KYC
- Registered False Accounts at Companies House for under £2.7m
- Avoided independent Audit
- Premier were moving £1.6 billion

- **Who we Are? We are Payment Service Users not Investors.**
- We employed an Authorised Payments Institution (API) regulated by the FCA and HMRC covered by UK and international legislation and we thought we were safe.
- We are either living and working overseas or retirees in EU Countries or UK.
- Majority have one home only and are not rich.
- Several have been made homeless and/or pushed into poverty by the crime,
- several have had to be repatriated (aged 72 to 77 years) because their retirement funds were stolen...

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- 6 so far have died (in debt).
- The total value of the losses is £11.3m. We are 200 claimants, the majority retired and pensioners.
- If we are invited for interview at the APPG on the FCA Inquiry we say we are a significant case to consider because regulation of both the firm and bank appear totally absent.
- Our case may appear small circa 200 claimants however the individual and personal losses are huge and much larger than average recent fraud cases which have been settled much faster than ours demonstrating that the FCA can do it when pushed. The FCA admitted serious failings early on but say they do not have any money!

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- 25 claimants had between £170,000 and £550,000 stolen
- 30 claimants £47,500 to £169,000
- 47 claimants £20,000 to £47,000
- 27 claimants £10,000 to £19,500
- 25 less than 10K
- 9 under 2K
- We followed the ScamSmart rules advertised by FCA and MAS and still had our money stolen.
- We firmly believe we did nothing wrong.
- The FCA Register gives poor and misleading information and notably did not state APIs cannot hold client money or take deposits.
- Other European registers specifically state “this firm is not a deposit taker”.

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- **HOW DO WE GET OUR MONEY? What is the Best Way?**
- Do we go for crowd funding and who do we target
- **Theft discovered 28 July 2018 - Three years on we know:**
- The regulator is Poacher and Gamekeeper (in our case)
- The Treasury Committee is full of bankers
- The Administrators and Liquidators apathetic and see it as a cash cow
- The Treasury say the FCA are independent and cannot interfere yet HMT appoints the CEO and represents the FCA in Parliament

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- **Do we need an independent inquiry?**
- How do we get one?
- **Do we need to get crowd funding to start a legal case?**
- Who or what is the best organisation or individuals to go after?
- Who are the fraudsters?
 - banker,
 - Other parties/
 - Premier FX clients who received large payouts 2 months before the firm ceased trading
 - the regulator
 - or force bank to reveal the missing data by going after the Premier FX directors and staff.
- **THE DILEMMA**
- Is the FCA helping the claimants?
- We want to trust them: they asked us to trust them and we have for nearly 3 years but why is it taking so long when the Banker to the firm for 12 years knows or should have known what Premier FX Limited were up to or had serious concerns. The Bank's Relationship director went missing days after the theft was discovered.

- **What is a Authorised Payments Institution?**

FCA Register stated Premier had been given permission to provide payment services.

The money remittance permission was lower down; not clear that was its only permission. The majority of public don't know what remittance means and easy to exploit by fraudsters RED FLAG

Register provided inadequate, out of date and incorrect information. *Premier FX has permission to provide payment services. It may be covered by the FSCS. Please contact the firm for further information.*

The FCA knew payment services are not covered by the FSCS so why mislead the customer? Some claimants were then falsely told by some PFX staff that PFX was covered by the FSCS which it was not.

The Register should state

“payment services are not covered by the FSCS. The firm is legally obliged to hold insurance and capital protection indemnity to protect your payments”. Please check carefully and if unsure call the FCA Contact Centre.

This would be improved adequate consumer protection which is a statutory requirement on the FCA.

Its should also state the firm is not authorised to hold client money beyond a maximum of 4 to 5 working days.

Premier had no insurance no capital indemnity protection for the entire 12 years of its operations

It unlawfully held client money beyond 4 working days sometimes for years

Premier made false advertising and false statements to customers saying it could hold client money (sometimes with interest) in forward exchange accounts up to 6 months with a guaranteed best rate

Escrow client account while waiting to buy or sell a property in UK or overseas

Could hold retirement funds in a deposit account with online access

Why was these false and unlawful statements not identified and stopped during annual monitoring (regulator), due diligence and supervision by bank?

The simple answer is that PFX were not being regulated.

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- **29 January 2019** Andrew Bailey admits to Treasury Committee (Chair Nicky Morgan) to claimant's MP "that the Register had been allowed to fall into historical neglect and I had not appreciated the importance of the Register. ... Things were coming out of the woodwork in the case of PFX and a thorough investigation will be carried out. The Rextstrews have to tell us where the money is."
- Not all of these 3 questions have been answered in the Censure Notice and investigation published 25 Feb 2021
- Andrew Bailey is on public record with MPs and to the PFX Liquidation Committee that PFX were not checked at reauthorisation other than to ask them online "has anything changed from your last authorisation?" The replies were not validated and taken at face value. No checks were done on bank accounts or customer monies segregation. Mayhem was taking place in the firm and it appears the bank which must have known or should have known did anything to stop it or **red flag** it
- PFX were in fact dangerously insolvent throughout all of 2018. Peter R was ill and and signatories to the accounts were frantically moving different client monies everyday several times a day almost every transaction co-mingling without segregation and zero safeguarding in its 73 banks accounts. The firm crashed insolvent eight weeks later on 27 July 2018 stealing £11.3m of client money.
- **On 4 November 2020** Charles Randell Chair of the FCA in reply to Questions 62 to 68 at the Treasury Committee said Premier FX fell into a category of 'light touch regulation' due to their size and importance to the financial services sector which appears to be FCA speak for no regulation. He was asked to supply further information within 30 days on how this LTR had impacted the firm in practice given the scale the theft and losses: secondly the losses of the victims were huge and life changing what were the FCA doing about it.

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- He committed to answering and then wrote a letter after 30 days saying he could not reply because it may compromise ongoing investigations. This has been the repeated mantra of the FCA and all UK authorities in our three years of trying to get our money returned.
- **These are serious omissions and failings on the part of the Regulator. The consumer is helpless in the face of such poor regulatory administration.**
- **At Part 3 - Authorised Payment Institutions – Part 3. Regulation 23 – Safeguarding requirements, there are several relevant regulations.**
- **(5) The requirement for a PI to have segregated accounts.**
- **(6) The requirement for money held at the end of a business day to be securely held in an authorised credit institution or the Bank of England.**
- **(13) A PI must have an insurance policy covering the money held in segregated accounts.**
- **(14) Payment service users have priority over all creditors.**
- **At Part 7 – Rights and Obligations in Relation to the Provision of Payment Services, you would expect to find mention of how long a PI is allowed to hold client money but there is no such regulation.**
- **In Schedule 1. Payment Services there is Part 2 – Activities which do not constitute payment services, holding money on account in client accounts is not mentioned.**

- **Who Are Premier FX?**

- 2006: Premier FX set up as a retail boutique FX firm by **Peter Rexstrew** experienced FX dealer of 20 years: FX trader NatWest and Chief FX Dealer National Australia Bank.
- Head office Cannon St EC2 London, FX Sales Office in Almancil, Algarve Portugal (customer records held here),
- 2011 registered at FCA and applied to be an API under 2009 Payments Services Directive as new rules from EU forced UK to regulate payments institutions including money currency services. If the FSA had validated PFX under the PSR's "rigorous and robust" authorising they would have found ample evidence of not meeting the conditions to be a fit and proper API. **RED FLAG**
- 2013 Mallorca FX Sales Office opened run by Nick Jones Global Managing Director
- 2013 UK banks decided that APIs taking less than £3m in volume were not profitable enough to hold their own business accounts and they were advised to find a principal (a larger API) to process their transactions. Barclays asked PFX to take on Global Currency Services Limited which they agreed.
- What is bizarre and an clear indication of the absence of due diligence by the bank and zero annual monitoring by the regulator is that from 2006 to 2018 PFX registered companies accounts of less than £2.7m while in reality were moving **£1.6 billion** in the last 6 years. Barclays would or should have seen this yet claim they did not know PFX were falsely registering their accounts of under £3m. This meant PFX directors were evading independent auditing over 12 years.
- **RED FLAG**

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- **2017** Lisbon FX Sales office opened. Overall impression an FX firm with a sizable presence doing well running seminars at 5 star hotels in UK, Portugal and Spain, at UK NEC exhibitions selling services to people moving abroad. **Hiding in plain sight. Held up as a British success story in the Algarve and Palma de Mallorca.**
- **23 May 2018** PFX is re-authorised under the new Payment Service Regulations (2017) which were updated to provide greater consumer protection and promote efficiency in the payments market taking into account advances in technology available to the banks providing payment processing and Currency services to the APIs. **If the Regulator had been doing their job this would have been a significant opportunity to stop the mayhem which then ensued.** Through out 2018 Peter R was ill, Premier FX were already insolvent and desperately moving client monies from one account to another to keep afloat and trying to maintain their Ponzi scam scheme.
- Despite this chaos key directors Nick Jones, Severine Edmundson and others were selling their services at trade show and seminars and desperately trying to get the hands on large amounts of cash ie mostly retired people's life savings.
- **16 June 2018** Founder Director Peter Rexstrew dies after heart surgery in private hospital in Lisbon. Nick Jones Global MD send an email saying Peter had sadly passed away after long illness. The firm was in good hands with contingency arrangements, had robust profits and and would continue to trade. **ALL LIES**
- Circa £30 million is moved out of the firm's accounts. The Rexstrews claim to FCA & Administrators there were no customer records. Certain clients receive large payments ranging from £1m to £10m. Charles and Katy Rexstrew did not inform the FCA nor the bank about the changes in the firm contrary to legal responsibilities as new directors.

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- **Highly questionable as to whether the new directors were** were fit and proper persons to be operating an API.
- **27 July 2018 PFX ceased trading and switched off their phones.** They cleared all the offices out during the nights of 25 and 26th July. Ex employees at the funeral 20th July said Katy Rexstrew changed the sims of the work mobiles with new numbers so customers could not reach them.
- **Customers with transactions in play** which did not arrive on 26 and 27 July and could not reach any PFX staff phoned the FCA Contact Centre on 27 July and Barclays to warn them that theft was in progress. Asked for accounts to be suspended and Fraud Police.
- **ON 27 July** Neither bank nor FCA appeared to know that Peter Rexstrew had died and new directors had been running the firm since 18 June. Barclays confirmed there were 4 signatories but claimed they had no idea who was using or authorising the “codes” in PFX to move money at any point in time either out of the accounts or between the accounts.

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- FCA
- Barclays
- FOS
- Action Fraud
- City Police
- No agency in the UK authorities wanted to do anything to help the PFX customers on Friday 27 July 2018
- Action Fraud revealed they were very concerned but would take 12 weeks to process theft report. However AF customer contact centre revealed important information the UK HQ of PFX was simply office space rented by the week or day by Regis and several other firms connected to PFX were 'housed in same space' namely INVO Collect Limited director Katy Rexstrew and Global Currency Services Limited directors Peter Rexstrew and Katy Grogan (nee Rexstrew). Two other firms were designed agents of PFX Aclarity Payments and Securus Escrow Ltd PSD agent of Premier FX from 26 Sept 2014 FRN 647732.
- The FCA later denied the other firms or agents held any significance, however, did admit that PFX had several overseas accounts to which money had been transferred from Barclays London. The accounts were all empty and it was too expensive to trace the money says the FCA. The FCA claimed in Censure Report Katy and Charles Rexstrew informed them of their problems. **This is either a completely false statement or the FCA did know and allowed the firm to crash taking £11million client money.**

- Creditors Meeting 18 October 2018 revealed:
 - A second set of accounts were being operated and managed on a laptop owned by Peter Rexstrew which had been given to them by Katy Rexstrew. (We later learned a second laptop owned by Peter had been managed by Severine Edmundson a PFX director during his illness and in her possession for 8 months since his death).
 - Criminal activity had taken place
 - Administration was wrong for PFX as they were insolvent, the staff redundant, the firm could not be sold as a viable operation and should have been into immediate liquidation.
 - FCA were present but would not comment on what their role was, why they were there, how why regulation had failed and it was not job of PKF to answer this.
 - 240,000 transactions had been retrieved from the bank which in 3 months of administration had not been fully examined.
 - Aside from one laptop no Computer equipment was retrieved from the UK office, nor from the main sales offices in Portugal and Spain
 - No interviews of PFX directors and staff. Online questionnaires returned with no comment.
 - Charges of £44,000 for meetings with FCA, a £88,000 legal bill and 30K for meetings with PFX prior to the start of administration on 13 August. The total bill came to almost 400K for 12 weeks work, little information
 - no recovery of computers and work phones and no interviews of key staff. .
 - **The LC refused all charges and fees.**

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- PKF were voted out as liquidators and Menzies LLP and their solicitors JMW were voted in. Even more disastrous for Victims!
- General apathy of Administrators and liquidators who view these frauds as a cash cow opportunity to charge fees for poor quality work.
- JMW and Menzies pursued priority trust claims for a group of creditors which had been overturned in the high court in August 2018 and was rejected by the Insolvency Court Judge in Nov 2020.
- Delay, obfuscation, procrastination and low evidence of any work by IPs/Liquidators to recover money or serve claims to recover money has led the LC to seek damages. Judge directed if IPs had no realistic legal claims then provide a distribution plan and that this should have been done in 2018 given the size of the losses
- Waiting hand down of Court Judgement on 19 May 2021

Victims' Perception of Insolvency Practitioners

- Administrator and Liquidators maximise their charges.
- Priority is 'recovery of their charges'
- Recoveries are secondary.
- Play on victim's ignorance of Law & Process
- 50% of report on Charges – less than 10% on recoveries/investigation

- **Statement in Liquidators 1st report:**
- "Monies standing to the credit of any bank account held by the Company to pay all fees, costs, charges and other expenses incurred in investigating the beneficial ownership of the monies "irrespectively of whether the said monies are assets of the Company available for the payment to general creditors **or are beneficially owned by any other person.**

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Who Regulates/Supervises Banks in how they manage or supervise their clients who are APIs:

- Are the banks obligated to check what their business customers are doing, to ask where is their money coming from? Is it theirs? Does it check whether client funds are being segregated and safeguarded?
- PRA and FCA have dual-role responsibilities on supervising banks. It appears (since 2007-8 crisis) both are geared to maintaining the stability of the financial system and ensuring banks do not fail. Within this there is a requirement that as consumers place money in trust their money should be safeguarded.
- The theft has had a huge impact on the PFX consumers but not on the stability of the bank. The latter seems to be what the PRA and FCA are geared or directed to protect. **Does the PRA supervise the banks in how they manage and supervise what their business customers are up to??**

I am told by the FCA

Our oversight

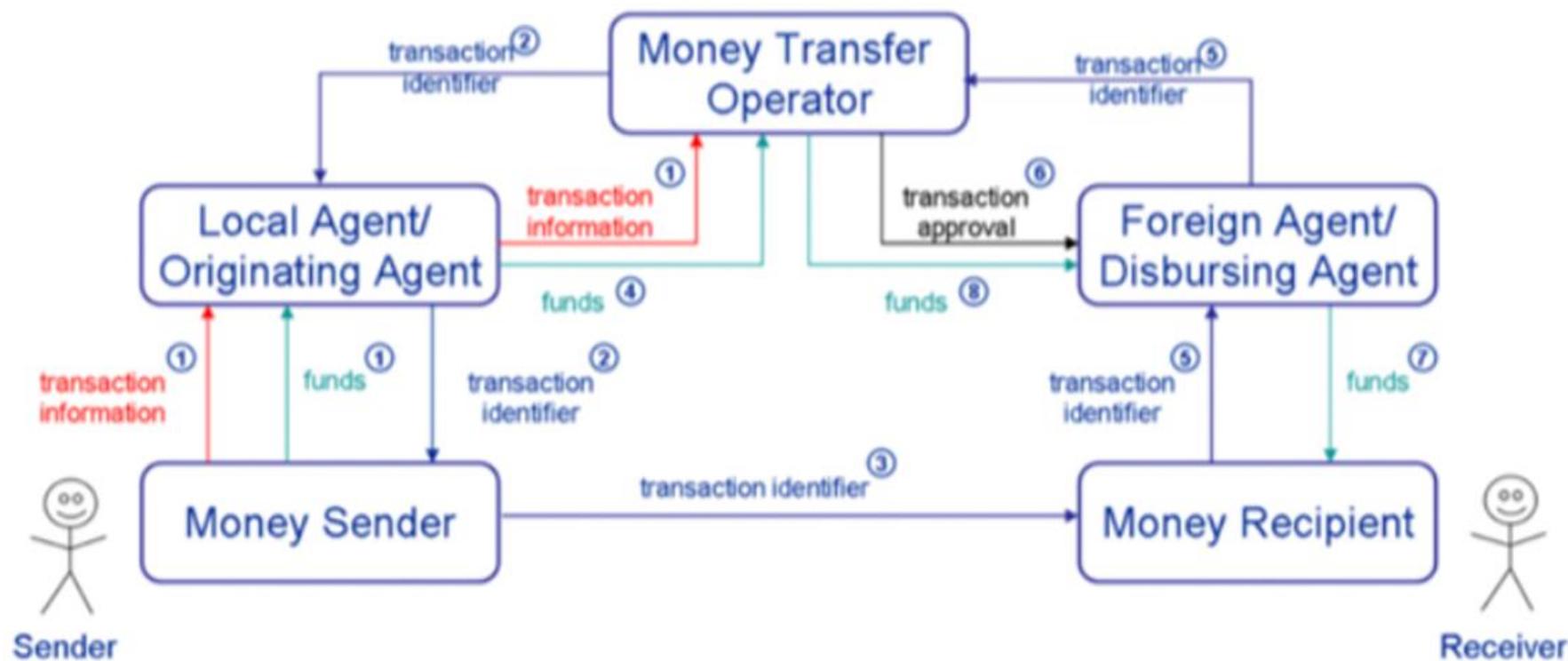
- Payment Institution (PI) and E-Money Institution (EMI) firms are responsible for ensuring they comply with relevant safeguarding requirements. **This is not the responsibility of the bank involved if they are business clients.** PI and EMI firms are supervised by the FCA's payments supervision department under the Payment Services Regulations and E-money Regulations.
- Banks are responsible for identifying their customers, and verifying those identities, to meet the requirements of the UK's Money Laundering Regulations. If one of a bank's PI and EMI business clients is authorised by the FCA, subject to the Money Laundering Regulations (MLRs), that client would also have to do due diligence checks on its own customers to meet the AML requirements; the FCA or HMRC would be the supervisor for that (some PIs that undertake money remittance are supervised by HMRC with respect to the MLRs). **In such a case, however, a bank does not need to check what its customer is doing to comply with the AML requirements.**
- A disturbing reply as it seems yet again no one was supervising anything to do with APIs
- Regulator is claiming it's not their responsibility to supervise the bank and the bank is not responsible for PFX?
- How can this be?

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- PFX falsely claimed they had £5m later extended to £50m insurance. Charles Rextrew put this in writing to a claimant as late as July 2018
- There are 2 charts from the European Payment Institution Federation which show that there were 5 **conditions to ensure Consumer protection**, safety in the process and transparency and clarity on each stage of the transactions in an authorised payment service or remittance. We are showing you this chart as it has been pointed out to us by several bankers and FX dealers there is a transaction record and registration number on each stage of the process so if anything goes wrong or missing it will be or should be transparent where it occurred. Premier's banker Barclays claimed it could not identify all PFX transactions, and could not or would not explain why large periods were missing in the data they provided to the FCA and Liquidators. **RED FLAG**

Money Transfer Process – Flow of Transaction Information and Funds

I. Diagram



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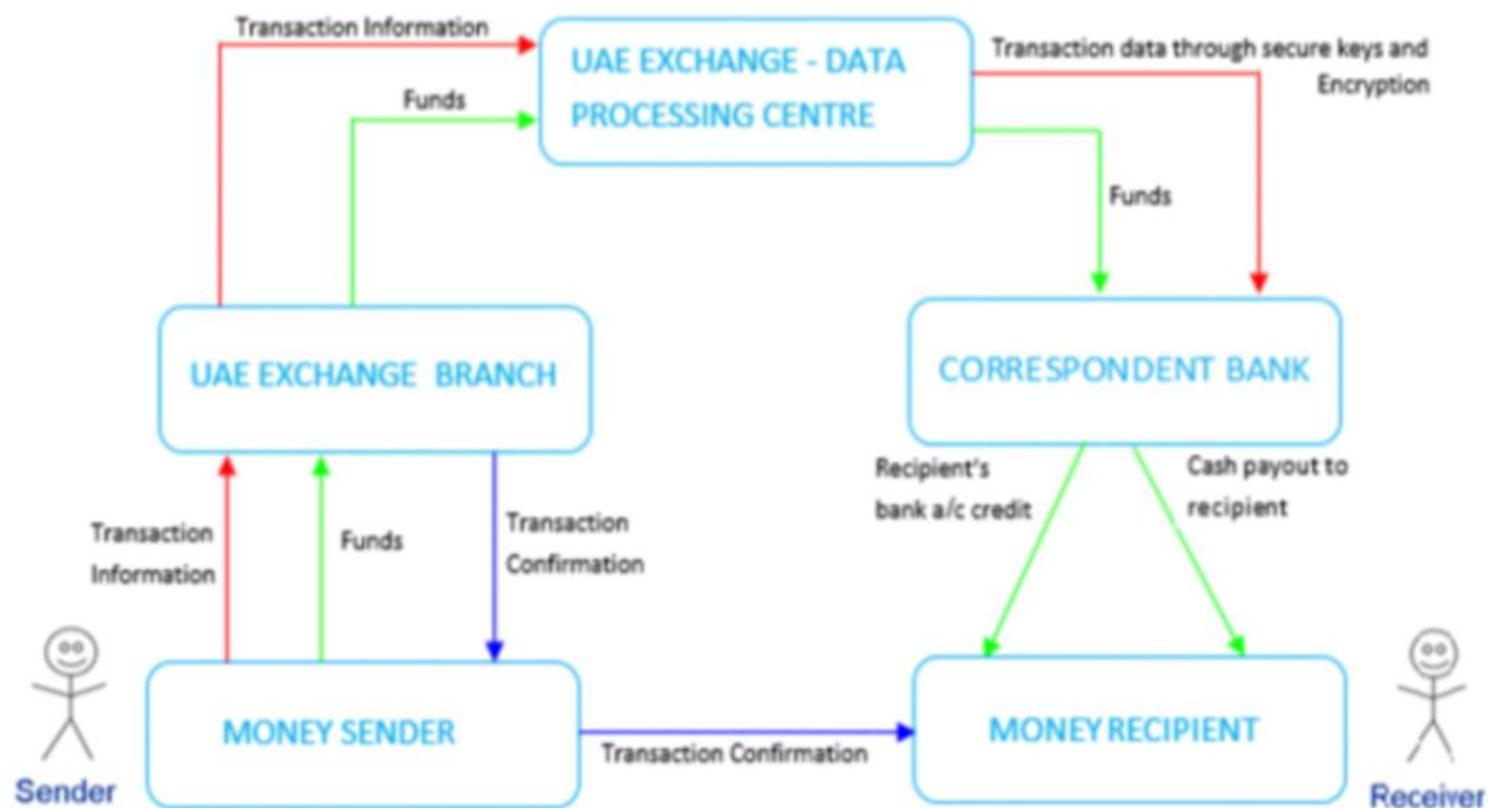
1. Money Sender goes into Local Agent aka Originating Agent and provides funds to be remitted (including a fee) and transaction information. Transaction information would include their details (Sender's name, address and possibly date of birth), recipient's details (Recipient's name) and the transaction amount. Local/Originating Agent performs any checks as required under local Anti-Money Laundering and Counter Terrorist Financing laws. Agent then transmits transaction information to Money Transfer Operator (MTO).
2. MTO sends Local/Originating Agent a unique transaction identifier. Local/Originating Agent gives unique transaction identifier to Money Sender.
3. Money Sender will give Money Recipient the unique transaction identifier.
4. Funds will be wired from Local/Originating Agent to MTO. The timing of this depends on what is contractually agreed between MTO and Agent – it could be end of day of transaction or days later.
5. In the receiving country, the Money Recipient will go to the Foreign/ Disbursing Agent and provide the unique transaction identifier. The Foreign/Disbursing Agent transmits the transaction identifier to the MTO.
- 6. If approved the MTO provides transaction approval.
- 7. Having received transaction approval the Foreign/ Disbursing Agent pays out funds.
- 8. The MTO subsequently settles with the Foreign/ Disbursing Agent.

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- III. Money Transfer Operators' Business Model Description
- Money Transfer Operators consist of larger international companies, such as Western Union, which provide a global remittance service involving a worldwide network of agents, ATMs and electronic channels and a large range of smaller institutions that specialise in sending funds across particular migration corridors or via digital channels. In most cases the remittance process occurs in three phases, the funds capture phase, the funds disbursement phase and the communications and settlement phase. The above diagram provides a schematic illustration of the money transfer process, with the sequencing of transactions and actions indicated. It illustrates the importance of both transaction information flows and monetary flows, as well as the need for cooperation and trust between the MTO and its domestic and foreign agents involved in receiving and paying out money. In most cases the remittance process occurs in three phases, the funds capture phase, the funds disbursement phase and the communications and settlement phase. In the funds capture phase an individual goes to the MTO and provides funds to be transferred to a third party overseas. In the funds disbursement phase the MTO pays out the funds to the recipient through one of their agents or branches in the receiving country. In the settlement stage of the international remittance process the MTO settles the transaction involving different currencies across borders. Lags between fixing the exchange rate for the customer and undertaking the corresponding foreign exchange transactions create risks for MTOs which can either be hedged or the risk assumed on their own trading accounts. Compensation for that risk-bearing may be reflected in fees charged to customers.
- Undertaking the corresponding foreign exchange transactions create risks for MTOs which can either be hedged or the risk assumed on their own trading accounts. Compensation for that risk-bearing may be reflected in fees charged to customers.

Foreign Exchange Money Transfer Process –description of the business model

I. Flow of Transaction Information and Funds



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I. Money Transfer Business Model Description The development of a network of branches, technology and scaling up the correspondent banking relationships are fundamental to the business model of large scale money transfer operators (MTOs) such as UAE Exchange, enabling them to provide such services between a wide range of points on the globe. The above diagram provides a schematic illustration of the money transfer process, with the sequencing of transactions and actions indicated. It illustrates the importance of both transaction information flows and monetary flows, as well as the need for cooperation and relationships between the MTO and its correspondent banks in receiving and paying out money. In most cases the remittance process occurs in three phases, the funds/transaction capture phase, inter communication and transaction credit phase and the settlement phase. In the funds and transaction capture phase an individual goes to the MTO and provides funds to be EPIF MEMBERS BUSINESS MODELS Foreign Exchange transferred to the recipient overseas as a/c credit or cash payout. In the communication and transaction credit phase the MTO pays out the funds to the recipient through its correspondent banks in the receiving country. In the settlement stage of the international remittance process the MTO settles the transaction involving different currencies across borders. Lags between fixing the exchange rate for the customer and undertaking the corresponding foreign exchange transactions create risks for MTOs which can either be hedged wither bank or the risk assumed on their own trading accounts. Compensation for that risk-bearing may be reflected in fees charged and exchange rate offered to the customers.

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- I. The process** 1. Money Sender visits any of the UAE Exchange branches and provide sender and beneficiary information to send money. Payment to UAE Exchange by the sending customer is either in cash or card. Transaction information would include their details viz. Sender's name, address, recipient's name and bank account details (if the amount is to be credited in bank account). Irrespective of the mode of transmission a/c credit or cash payout, if the transaction amount is over and above EURO 1000, sender provides his/her identity and address proof. In some countries all customers sending money have to provide due diligence documents irrespective of size and value of transaction. UAE Exchange branch checks the transaction details and performs the required due diligence. Transaction details are captured in the system and confirmation receipt bearing sixteen digit XTT number is handed over to the sender. UAE Exchange system at backend performs the checks and screening as required under Anti-Money Laundering and Counter Terrorist Financing laws. 2. The online customer registrations and the transactions are subject to stringent due diligence procedure and can pay only online by using their bank card or internet banking. 3. Transaction data reaches to UAE Exchange data processing centre and verified for onward transmission to the recipient's bank through secure keys and encrypted files or using swift platform depending on the type of transaction. 4. Cover Funds will be wired to the accounts of UAE Exchange maintained with recipient's bank and it is pre-funded. Irrespective of the funding at UAE Exchange end, transactions are credited or paid out to beneficiary within two working days in most destinations as cover is pre-funded. 5. In the receiving country, recipient's bank account gets credited.

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25 Feb 2021:

- The FCA has publicly censured **Premier FX** Limited for failing to safeguard its customers' money and for misuse of its payment accounts under the Payments Services Regulations.
- On 22 February 2021, the FCA publicly censured Premier FX Limited for: breaching Regulation 19 of the Payment Services Regulations 2009 (the "PSRs 2009") between 1 January 2013 and 22 May 2018, and Regulation 23 of the Payment Services Regulations 2017 (the "PSRs 2017") between 23 May 2018 and 13 August 2018, for failing to safeguard its customers' money; and breaching Regulation 28 of the PSRs 2009 between 1 January 2013 and 22 May 2018, and Regulation 33 of the PSRs 2017 between 23 May 2018 and 13 August 2018, for misusing its payment accounts.
- The FCA's action took effect on 25 February 2021 and a copy of the Final Notice is displayed on the FCA's web site here:
- <https://www.fca.org.uk/publication/final-notice/premier-fx.pdf>

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- The Letter sent to the Victims stated:
- The FCA has published a Final Notice today publicly censuring Premier FX for failing to safeguard its customers' money and for misuse of its payment accounts under the Payment Services Regulations. We concluded that, in doing so, Premier FX seriously misled its customers about the services it was authorised to provide and how it held customers' money. You may find the press release on our [website](#), as well as the [Final Notice](#).
- We would have imposed a substantial financial penalty on Premier FX because of the serious failings in this case. However, any financial penalty would have diminished the remaining funds held by Premier FX and would have reduced the amount that could be distributed to the firm's customers who are claiming in the liquidation. In those circumstances we had no choice but to publicly censure the firm instead.
- We are acutely aware of the distress to customers caused by the firm's failure and the loss you incurred. **We are continuing to investigate whether there were breaches of our rules by any other parties and, if so, will take action, including action to recover redress for any breaches that may have caused or contributed to losses to customers.** We will continue to regularly meet with the Liquidation Committee (which represents the interests of the creditors of Premier FX, including its customers) to update them on progress.

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- In the meantime, I also wish to inform you that we have decided not to institute criminal proceedings against Premier FX or its former members of staff following our investigation. This letter informs you of your right under the [Victim's Code](#) to request that this decision be reviewed if you are unhappy with the explanation provided or the decision taken.
- The reasons for the decision are as follows:
 - 1. As a result of our investigation into Premier FX, we consider that the evidence indicates that Premier FX may have been carrying on the regulated activity of accepting deposits without permission and that Premier FX may have been carrying on the regulated activity of dealing in investments as principal without permission.
 - 2. Under section 19 of the Financial Services and Markets Act 2000 ("FSMA"), no person can carry on a regulated activity, such as accepting deposits or dealing in investments as principal, unless he is an authorised person or an exempt person (the "general prohibition"). Under section 23(1) of FSMA, a person who contravenes the general prohibition is guilty of an offence.
 - 3. Having completed a detailed investigation, we have now assessed the case as we are obliged to do in line with the prosecution criteria under the Code for Crown Prosecutors. **We have considered the relative seriousness of the potential offences and the availability of other more appropriate ways of resolving the case.**

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- Even if there is sufficient evidence in this case to provide a realistic prospect of conviction of Premier FX for the offence of contravening the general prohibition, it would not be in the public interest to prosecute Premier FX. In particular the firm is in liquidation and the costs involved in defending any prosecution, or in paying any penalty imposed on conviction, would reduce the amounts available to be recovered by its customers.
- 5. Given the alternative to prosecution (i.e. a regulatory outcome under the Payment Services Regulations), we believe it would not be in the public interest to prosecute Premier FX.
- 6. We also consider that following our investigation into Premier FX there is insufficient evidence to provide a realistic prospect of conviction of any individual in this case. In line with the findings in the Final Notice, the key individual who is responsible for the activities of Premier FX is now deceased and there is no other person against whom there is sufficient and credible evidence to prosecute.

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The FCA took the decision not to prosecute the directors or employees of PFX.

- However the “trust us and we will get your money” has shifted into we might be able to if we can prove other parties assisted Premier FX in their theft and fraud. Shifting goalposts is a concern.
- As to next steps, they are trying to use Peters death to draw a line under the affair as they don't want any more bad press.
- Given they can obfuscate things by using Peters death we would like to focus on the period of Peter Rexstrew's illness, and just after his death when the other family members and Nick Jones and Severine were running the business. We know, and the FCA also know that fraudulent transactions happened during this time. They had to happen because the business was cash negative vs the amount of funds that had been deposited, and they were using Customer A's money to pay Customer B and these transactions were done by the directors and employees. This must have happened every day on pretty much every transaction so there should be evidence of this. If they cannot find it it's because they are not looking / don't want to because they don't want this thing to mushroom into court trials where the FCA have to give evidence it's not going to make them look good (yet another failure in regulation). In this case they are both **poacher and gamekeeper**.

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- We also ask them why they are not taking any action against the Banker? It CANNOT be that with all the safeguards the FCA have to regulate banks that all this happened without either the banker knowing something was not right OR alternatively they were not paying attention and were negligent and did not fulfill even their most basic regulatory obligations such as AML or KYC.
- Either way there surely is a case to answer?
- The Bank's Relationship Director for Premier disappeared on indefinite sick leave within days of the theft being discovered and Barclays barred the three person account team from being interviewed stating all information pertaining to the Premier account belongs to Barclays.

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- **Where we need help**
- **The Bank:** What are the regulations governing the banks and how they manage their business customers?
- PRA and FCA both have responsibilities. Business banking was deregulated by Gordon Brown - will this help or hinder?
- **HMRC** appear to have done no checks on AML policies and procedures operated by PFX since 2013.
- Yet Central Bank of Portugal fined PFX for financial irregularities and failures to comply with AML procedures in Portugal.
- **The FCA:** asks the LC to trust them and they say there are alternative ways of settling this: in the letter sent to claimants the 3rd reason given for not prosecuting states: "Having completed a detailed investigation, we have now assessed the case as we are obliged to do in line with the prosecution criteria under the Code for Crown Prosecutors. We have considered the relative seriousness of the potential offences and the availability of other more appropriate ways of resolving the case."
- We asked to help draft the communique to make it clear there were ongoing investigations and there was still hope of repayment. FCA turned down 14 out of 15 of our suggestions.
- Result other claimants didn't buy into the Censure Notice and complained and some requested a formal review.

The Premier FX Fraud Fiasco

- **Senior FCA members of EXCO have said:**
- “No consumer ever consults the Register”
- “Premier FX were a medium sized firm paying £1,000 to £1,700 in fees which does not buy much regulation”
- Premier FX experienced “light touch regulation” (aka zero regulation) due to their size in the payment services league and it will be something we look at”.
- Head of Retail Payment Services “We ran out of time to check all the payments institutions before January 2018 when new PSRs (2017) came into force and we had to check the big banks and leave the rest! We are very sorry about that happened.
- This is a surprising omission when Mr Bailey and Mr Randell turned down extra resources twice from the TSC in 2017 and 2018 to assist with this and were asked in detail by Nicky Morgan about the process for handling all the reauthorisations.
- Senior Treasury Official said off the record no one is interested in financial services theft and fraud unless it is big and international and there is kudos in the UK authorities looking serious about it and there is a public relations payoff.

The Premier FX Fraud Fiasco

- **City Police** We were standing by to take the (PFX) case. HM Home Office and the FCA were debating how to handle it and the decision was taken to send it to Surrey Police as two of the suspects lived there. We were surprised as we have the fraud team with international skills and can ask Surrey to go and get them for interview or have them come in or collect them ourselves. There is a MOU between FCA and City for us not to get involved without FCA knowledge and agreement.
- Financial journalist of 30 years who has won awards advised us: the usual practice of the regulator is to turn up after the crime has been committed and conduct a lengthy slow investigation to enable them to kick you all into the long grass when enough time has passed & no one is looking. The enforcement team may try to extract your money but if it gets expensive other powers in FCA will close it down. If you have the instinct to keep fighting you need MPs, powerful parliamentary committees, and media on your side as the regulator's executives hate to be criticised publicly.
- Overseas workers and retired expats are not newsworthy so we have struggled to get traction in the media. Another reason APIs fly under the radar so successfully...
- **We need your help: what is the best route to our money? Have we missed something?**

The Premier FX Fraud Fiasco

- **Disappointment**
 - At the realisation of the failures of the FCA and Barclays bank.
 - That organisations such as a UK Regulator and a UK Bank can operate in such a non-regulatory fashion.
 - With the Treasury Select Committee's unwillingness to challenge the FCA whose responses to the TSC questioning raised more questions than answers.
- **Disbelief**
 - That an organisation such as the FCA is permitted to operate with such autonomy (The FOS cannot investigate the FCA!).
 - The charges associated with both the Administration and Liquidation (a process the victims have no control over).
- **Disgust**
 - At the FCA, Barclays bank and Treasury's unwillingness to accept responsibility for their failings (the FCA may be financed by the financial industry but they are still an agent of the Treasury).
 - The total lack of empathy shown by all party's (FCA, Barclays Bank and Treasury) towards the victims.
- **Disillusionment**
 - With the UK authorities and the lack of honesty and integrity within it.

The UK Authorities need to redress financial crime and fraud. A Solution:-

- Theft by Authorised Firms should be refunded in full within 3 months by a City Victims Fund financed by the large City Institutions and FCA. The puts their skin in the game for clamping down and preventing fraud by “supervised” and “regulated” firms.
- Come on Treasury and FCA!
- Do you really want the UK to be known as the global centre of financial crime?
- Or is this what the City and HM Treasury are now -bankers for criminals and total disrespect for the public who get ensnared in an ugly industry which they are forced to use.

Premier FX Fraud Fiasco

- Separate Regulator agency for Authorised Payment Institutions and medium and small firms is needed
- The FCA complain they have over 60,000 firms to regulate (up from 1,200 pre 2008 crisis)
- The FCA focus on the large firms who have greater impact on the stability of the financial system and UK economy
- Leaves consumer hugely exposed to fraudsters and financial crime via APIs, medium and smaller firms because criminals know no one is looking.
- Premier FX was not being regulated nor monitored by regulator nor bank.

- Regulator tried to claim Premier's theft was nothing to do with them as PFX were unlawfully providing services they had not been given permission for "therefore if they have not been given permission we are not regulating them on this product"
- Dame Gloster (to Parliament) described this response as "the wickedness of the FCA" to try to ignore responsibility for wrongdoing by authorised firms
- The Bank says it's not us - we did our due diligence on the firm on a regular basis! The Regulator is responsible for regulating the firm.