

November 2008

Dear Sir/Madam

Unauthorised overseas brokers targeting UK consumers

I am Head of Retail Enforcement at the Financial Services Authority (FSA) and I am writing to warn you that your name has been found on a list used by fraudsters who cold call people trying to persuade them to buy often worthless shares. If you take up their 'offer' you could lose a lot of money.

As you may be aware, if a company wants to carry out certain financial services businesses such as banking, giving financial advice or advice on the sale or purchase of shares that firm must be authorised by the FSA. This allows the FSA to supervise that firm which helps to ensure that certain standards are maintained.

If a firm carries out financial services business without being authorised by the FSA it may be committing a criminal offence. The FSA's Enforcement Division is responsible for taking action against firms that do this. One example of this is a fraudulent activity which is commonly called 'boiler rooms'. These boiler rooms, usually based abroad, telephone victims and use high-pressure sales tactics to try and persuade them to buy worthless shares – or offer to sell existing shares for a fee and disappear with the money. Victims lose substantial amounts of money if they deal with a boiler room.

I am writing to you because your name was on a list that we obtained and we are concerned that you may be approached by one of these firms. Boiler rooms often share these lists so it may be that a copy is still in circulation. It is likely that your name is on this list because you are or have previously been a shareholder. Lists of shareholders are publicly available documents and it is therefore relatively easy for a boiler room to obtain shareholder details.

We want to take this opportunity to strongly advise you against dealing with any firm that contacts you out of the blue offering to buy or sell you shares. Boiler rooms are fraudsters and, if you deal with a boiler room, you are likely to lose all the money that you give to it. Because they are not authorised in the UK, you will not have access to the UK complaints procedures and compensation scheme.

You should make sure that you only ever deal with firms who are authorised by the FSA. You can do this by checking the FSA's register of authorised firms.

(<http://www.fsa.gov.uk/register/home.do>).

We are aware that some boiler rooms now use the name of legitimate FSA authorised firms, so you should double check that the caller is from the firm they say they are. You can do this by asking for their name and calling them back using the number listed for the firm on our website.

If you suspect that you have been approached by a boiler room, we would ask that you report the firm to us either by calling the FSA's consumer contact centre on 0845 606 1234 or by completing an online reporting form.

(<http://www.fsa.gov.uk/Pages/Doing/Regulated/Law/Alerts/form.shtml>)

The FSA publishes a list of unauthorised overseas brokers who we know have been making illegal approaches to UK consumers. This list is updated regularly and you should check it should you receive an unsolicited approach.

(<http://www.fsa.gov.uk/pages/Doing/Regulated/Law/Alerts/overseas.shtml>)

However, boiler rooms change their name frequently, so even if a firm does not appear on this list it does not mean they are legitimate. You should always check that they are authorised by the FSA.

For further information on protecting yourself against share scams and other financial crime, please visit our consumer website, [Moneymadeclear](http://www.moneymadeclear.fsa.gov.uk).

(http://www.moneymadeclear.fsa.gov.uk/guides/staying_safe/staying_safe_against_scams.html)

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jonathan Phelan', with a stylized flourish at the end.

Jonathan Phelan

Head of Department – Retail

Enforcement Division