

FROM: Secretary, Lloyd's Disciplinary Board
LOCATION: 58/SE1
EXTENSION: 5530
DATE: 4 January 2001
REFERENCE: 001/2001
SUBJECT: **GLEN DOBINSON**
SUBJECT AREA(S): Formal Disciplinary Proceedings – Case No. LDB/0011/19A & Case No. LDB/0011/20
ATTACHMENTS: Notice of Censure
ACTION POINTS:
DEADLINE:

Glen Dobinson has admitted one charge of conducting himself in a discreditable manner and two charges of detrimental conduct arising from two cases of disciplinary proceedings brought against him.

At the relevant time Mr Dobinson was a director of the insurance broker Gyngell Dobinson Gregory & Company Limited which operated in the Lloyd's market under an umbrella arrangement with the Lloyd's broker David Gyngell and Company Limited

As a result of these proceedings the following penalties have been imposed on Mr Dobinson.

- i) That his right to transact, or be concerned or interested in the transaction of, the business of insurance at Lloyd's or any class or classes of such business be suspended for a period of three years;
- ii) That his right of admission to the Room and the other parts of the premises of the Society be suspended for a period of three years; and
- iii) That he be Censured in the terms of the Notice attached to this bulletin.

Mr Dobinson has also provided undertakings required by Lloyd's which prohibit him from transacting or being concerned or interested in the transaction of the business of insurance in the Lloyd's market. These undertakings will continue after the cessation of the suspension orders. Mr Dobinson has liberty to apply to the Council of Lloyd's to have these undertakings set aside or amended in the future.

Finally, Mr Dobinson is also to contribute £4,350 towards the costs of Lloyd's arising from these proceedings.

Details of the events giving rise to the charges against Mr Dobinson are set out in the Notice of Censure.

This case was determined by the Lloyd's Disciplinary Board and its decision gives effect to a settlement of these proceedings agreed between the Defendant and the Council pursuant to paragraph 3 of the Lloyd's Disciplinary Rules (Schedule 2 to the Disciplinary Committees Byelaw (No. 31 of 1996)).

This bulletin has been sent to all underwriting agents, Lloyd's brokers, corporate members, market associations, the ALM and recognised accountants.

AP Barber
Secretary
Lloyd's Disciplinary Board.

NOTICE OF CENSURE

GLEN DOBINSON

Glen Dobinson, a former director of the insurance broker Gyngell Dobinson Gregory & Company Limited ("GDG") has admitted one charge of engaging in discreditable conduct and two charges of conducting himself in a manner which is detrimental to the interests of Lloyd's policyholders, the Society, members of the Society, Lloyd's brokers, underwriting agents, or others doing business at Lloyd's.

Dobinson Gregory operated in the Lloyd's market under an umbrella arrangement with the Lloyd's broker David Gyngell and Company Limited ("DG"). Between 1988 and 1993 GDG placed shipowners liability reinsurance ("the SOL reinsurance") on behalf of six P&I Clubs. In 1991 Mr Dobinson helped to place the reinsurance of the Lloyd's cover into the company market. He also signed cover notes in respect of the SOL reinsurance in his capacity as a director.

The premium paid by the P&I Clubs substantially exceeded that required by underwriters. Very substantial amounts of the excess premium paid was forwarded to six offshore companies registered in Liberia. These Liberian companies were managed through a company based in Jersey ("the Jersey management company").

In June 1992 the auditors to DG/GDG queried the payments to the Liberian companies and as a result a memorandum was sent to all the GDG's and DG's directors regarding the auditors' concern over commission payments to third parties.

On 18 January 1994 Mr Dobinson, and his fellow directors, signed a letter of representation addressed to the company's auditors in which he denied having any financial interest in the agents (i.e. the Liberian companies) or in any of the payments made to them.

In 1997 Lloyd's commenced a formal inquiry into matters relating to the placement of the SOL reinsurance. This included querying the payments made to the Liberian companies.

In the course of that inquiry Mr Dobinson was interviewed. In that interview Mr Dobinson stated that he had not heard of the Jersey management company prior to that interview. He stated he had not received the benefit of any monies that were sent to any offshore company. He also stated that he had not personally taken any benefit from any offshore payments that had been identified during the course of the interview and he had not taken benefit from anything going to the Jersey management company.

However, during 1999 Lloyd's obtained evidence that between 1989 and 1993 Mr Dobinson had in fact benefited from £10,000 from one of the Liberian companies. In addition Mr Dobinson had received £5,000 from the Jersey management company.

Accordingly, the letter of representation signed by Mr Dobinson was misleading in a material particular, namely that, he did not disclose as required the payments received from the Liberian companies. Mr Dobinson ought to have known that the payments had been made by certain of the agents referred to in the letter of representation. Mr Dobinson has therefore admitted a charge of detrimental conduct.

In addition, the statements made to the Lloyd's formal inquiry in 1997 were false or misleading in a material particular in that he did not disclose the payments received. In respect of this Mr Dobinson has admitted the charge of discreditable conduct.

Mr Dobinson has also admitted a charge of detrimental conduct in respect of separate proceedings.

Between 1992 and 1995 GDG placed reinsurance business on behalf of a Far East client into the London company market. This business was produced to GDG via the Far Eastern offices of an international broker. GDG's brokerage from underwriters on this business was 20.5%. Mr Dobinson was the relevant GDG director responsible for this account.

Between 1993 and 1996 GDG paid almost US\$1m of the brokerage that it earned on this business to a Liberian company, Sumatra Shipping. Mr Dobinson has stated that he was informed by certain other GDG directors that these payments were being made as part of a commission sharing arrangement with the producing brokers. In fact there was no commission sharing arrangement with the producing brokers and they did not receive any of this money. There was no bona fide reason for these payments to be made to Sumatra.

Mr Dobinson knew that the producing brokers had taken brokerage at source, ie before they remitted the premium to GDG. In addition, Mr Dobinson knew that Sumatra Shipping was not entitled to receive any of the GDG brokerage. As the responsible account director Mr Dobinson ought to have known that these payments were a misappropriation of GDG's brokerage.

It was no part of Lloyd's case in the Sumatra Shipping proceedings that Mr Dobinson acted dishonestly or had personally profited from the payments. He did, however, fail to make any adequate enquiries to establish whether the payments to Sumatra Shipping were payable due to a bona fide commission sharing arrangement.

As a result of both the above disciplinary proceedings the following penalties have been imposed on Mr Dobinson;

- i) That his right to transact, or be concerned or interested in the transaction of, the business of insurance at Lloyd's or any class or classes of such business be suspended for a period of three years;
- ii) That his right of admission to the Room and the other parts of the premises of the Society be suspended for a period of three years; and
- iii) That he be Censured in the terms of this Notice.

Mr Dobinson has also provided undertakings required by Lloyd's which prohibit him from transacting or being concerned or interested in the transaction of the business of insurance in the Lloyd's market. These undertakings will continue after the cessation of the suspension orders. Mr Dobinson has liberty to apply to the Council of Lloyd's to have this undertaking set aside or amended in the future.

Finally, Mr Dobinson is also to contribute £4,350 towards the costs of Lloyd's arising from these proceedings.

In assessing the penalties in this case account was taken of the fact that Mr Dobinson has never before been found guilty of misconduct and in this instance acknowledged his guilt by admitting the charges.

In addition Mr Dobinson has also said that he was not instrumental in the establishment the offshore companies and that the matters which are the subject of these proceedings led directly to the inability of GDG's successor company Dobinson Gregory Limited to continue to trade. As a result he suffered considerable financial loss.

LLOYD'S DISCIPLINARY BOARD