

FROM: Secretary to Lloyd's Disciplinary Board
LOCATION: 58/NW1
EXTENSION: 5530
DATE: 12 May 1999
REFERENCE: 41/99
SUBJECT: **SIMON ALASTAIR HUGH KERR-SMILEY**

SUBJECT AREA(S): Disciplinary Proceedings
ATTACHMENTS: Notice of Censure
ACTION POINTS: **For information**
DEADLINE: **None**

Simon Alastair Hugh Kerr-Smiley ("Mr Kerr-Smiley") has admitted six charges of misconduct, namely engaging in or being associated with discreditable conduct, within the meaning of paragraph 3(f) of the Misconduct and Penalties Byelaw (No.30 of 1996).

As a result of these disciplinary proceedings Mr Kerr-Smiley has:

- i) Provided undertakings required by Lloyd's which prohibit him from transacting or being concerned or interested in the transaction of business in the Lloyd's market.
- ii) Been censured in the terms of the attached Notice.
- iii) Been ordered to pay £3,500 towards the costs of Lloyd's.

At the relevant time, Mr Kerr-Smiley was a registered Substitute of a Lloyd's broker, Bradstock Blunt and Crawley Limited ("Bradstock"). Bradstock identified the problem, promptly reported it to Lloyd's and co-operated fully with Lloyd's inquiry.

At an early stage Mr Kerr-Smiley frankly admitted to Lloyd's that in relation to six placements, he dishonestly misled clients, management and staff of Bradstock into believing that he had placed reinsurances on the required terms when he had not done so. Mr Kerr-Smiley also provided Lloyd's with frank admissions in respect of six further placements.

Further details of the events giving rise to the charges are contained in the attached Notice of Censure.

This case was determined by Lloyd's Disciplinary Board and its decision gives effect to settlement of these formal disciplinary proceedings on terms 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 out to all underwriting agents and Lloyd's advisers, Lloyd's brokers, corporate members, market associations, the ALM and recognised accountants.

A P Barber
Secretary to the Lloyd's Disciplinary Board

NOTICE OF CENSURE

SIMON ALASTAIR HUGH KERR-SMILEY

Simon Alastair Hugh Kerr-Smiley (“Mr Kerr-Smiley”) has admitted six charges of misconduct, namely engaging in or being associated with discreditable conduct, within the meaning of paragraph 3(f) of the Misconduct and Penalties Byelaw (No.30 of 1996).

At the time relevant to the charges, Mr Kerr-Smiley was a registered Substitute of a Lloyd’s broker, Bradstock Blunt and Crawley Limited (“Bradstock”). Following discovery of his actions and further investigation, Bradstock dismissed Mr Kerr-Smiley and notified Lloyd’s.

Mr Kerr-Smiley joined the company in 1995. Mr Kerr-Smiley was a broker in the Non-Marine and US Divisions of Bradstock. Mr Kerr-Smiley became a Divisional Director (non-executive) of these divisions on 1 October 1996. He was a broker responsible for producing and placing accident and health treaty and stop loss reinsurance business underwritten by Lloyd’s syndicates and insurance companies within the London Market and overseas.

In interview with Lloyd’s, Mr Kerr-Smiley frankly admitted that in relation to six placements he dishonestly misled clients, management and staff of Bradstock into believing that he had placed reinsurances on the required terms when he had not done so. Mr Kerr-Smiley did this by means of forged slips and endorsements (which he created by cutting and pasting underwriters’ scratches, signatures and stamps from other risks).

Mr Kerr-Smiley also provided frank admissions in interview in relation to six further placements. Mr Kerr-Smiley admitted that he misled clients, management and staff of Bradstock into believing that he had placed cover by falsifying documentation which led to the issue of cover notes.

This was a gross breach of a broker’s duties to his clients carried out over a prolonged period of time (from July 1996 to May 1998).

Bradstock has kept all relevant clients informed. Bradstock has also had to spend considerable time and money in endeavouring to ensure that the interests of its clients and those of the market are not adversely affected.

Mr Kerr-Smiley has given undertakings to Lloyd's which have the effect that his right to transact or be concerned or interested in the transaction of business in the Lloyd's market is totally suspended. In addition, Mr Kerr-Smiley has received the penalty of the posting of this Notice of Censure in the Room. A substantial fine in respect of these charges would have been imposed on the Defendant but for his financial circumstances.

Mr Kerr-Smiley has been ordered to pay the costs of the Council of Lloyd's in the sum of £3,500 having regard to his means and the fact that his early admissions of misconduct substantially reduced the length and the costs of the formal inquiry and avoided the expense of full disciplinary proceedings.

In assessing the relevant penalties, account has been taken of Mr Kerr-Smiley's personal and financial circumstances, the fact that he admitted the charges of misconduct at an early stage and has given the undertakings referred to above. In addition, account has been taken of the fact that Mr Kerr-Smiley did not benefit from his actions and has an otherwise unblemished record.

LLOYD'S DISCIPLINARY BOARD