

Corporate & Financial Weekly Digest

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FSA Fines Father and Son for Market Abuse

On July 19, the UK Financial Services Authority (FSA) announced that it had fined Jeremy Burley £144,200 (approx. US\$219,700) and his father, Jeffery Burley, £35,000 (approx. US\$53,300) for market abuse in relation to the shares of Tower Resources plc (Tower), an oil and gas exploration company, in June 2009.

Jeremy Burley, a British citizen resident in Uganda, was at the relevant time the Managing Director of BMS Minerals, a Ugandan company which provided vehicles and equipment to oil and gas exploration companies in Uganda, including Tower Resources. Jeffery Burley opened a share trading account in the UK, which he used to trade shares on behalf of his son.

On about June 11, 2009 Jeremy Burley learned that drilling at Tower's first Ugandan oil well was unlikely to produce oil and that the exploration of a second well was unlikely to proceed.

Before Tower announced this negative news on June 15, 2009, Jeremy Burley passed this information on to his father and another person, instructing his father to sell his entire holding of 790,000 shares in Tower. Jeremy Burley advised his father to try and avoid attention by selling the shares in multiple small lots. By selling his 790,000 shareholding ahead of the announcement, Jeffery Burley avoided a loss of £21,700 (approx. US\$33,000).

Margaret Cole, FSA's director of enforcement and financial crime, said: "The FSA views the conduct of Jeremy and Jeffery Burley as particularly serious. Jeremy Burley acquired inside information through the course of his employment in Uganda, passed that information to others and used it for his own personal benefit. The actions of father and son were deliberate and premeditated and they took steps to disguise their insider dealing."

Both Jeremy and Jeffery Burley agreed to settle this case at an early stage and therefore qualified for a 30% discount. Had the fines not been discounted, Jeremy Burley would have been fined £175,000 (approx. US\$267,000) in addition to the disgorgement of £21,700 (approx. US\$33,000) and Jeffery Burley would have been fined £50,000 (approx. US\$76,000).

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