

Corporate & Financial Weekly Digest

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FSA Secures £3.7 Million Compensation for Victims of Upton & Co. Unauthorized Collective Investment Scheme

On July 20, the UK Financial Services Authority (FSA) announced that it had secured £3,717,000 (approx. US\$5,660,000) in compensation for investors in an unauthorized collective investment scheme operated by Upton & Co. Accountants Limited (Upton), owned and controlled by Darren Upton, a member of the Association of Chartered Certified Accountants.

The Wakefield-based firm, which was not authorized by the FSA to do so, operated a collective investment scheme known as the “Currency Plan” promising investors high rates of return allegedly derived from foreign exchange investments. However, limited foreign exchange trading occurred and very little was ever returned in cash.

In February 2009 the FSA commenced an investigation into Upton and promptly realized that the firm was carrying out unauthorized business. A month later, the FSA secured a High Court injunction to stop the activity and freeze the firm’s assets.

The July 2010 High Court ruling approved the immediate distribution of £3,717,000 (approx. US\$5,660,000) to investors on a *pro rata* basis and Upton has agreed to make further monthly payments of £10,000 (approx. US\$15,000) which will be used for further *pro rata* distributions to investors.

Margaret Cole, FSA’s director of enforcement and financial crime, said: “This is a fantastic result. It is so rare for victims of unauthorized businesses to get any money back because normally the money is misappropriated and victims of unauthorized firms are not protected by the Financial Services Compensation Scheme.”

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