

Regulatory Bulletin

FROM: Secretary to Lloyd's Disciplinary Board
LOCATION: 58/NW1
EXTENSION: 5530
DATE: 5 December 1997
REFERENCE: 114/97
SUBJECT: DAVID JOHN MARTIN

ACTION POINTS: For Information
DEADLINE None

At a special meeting of the Council of Lloyd's on 3 December 1997 held pursuant to the Council Stage of Disciplinary Proceedings Byelaw (No. 33 of 1996), as amended, the Council confirmed the following penalties imposed on Mr David John Martin by a Lloyd's Disciplinary Tribunal:

- (i) the suspension, permanently, of the 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; and
- (ii) the suspension, permanently, of the right of admission to the Room and the other parts of the premises of the Society; and
- (iii) a fine of £20,000; and
- (iv) the posting in the Room of a Notice of Censure in the terms ordered by the Disciplinary Tribunal (a copy of which is attached).

The Disciplinary Tribunal also ordered that Mr Martin pay £5,000 in respect of costs of the proceedings.

At the time material to the proceedings Mr Martin was a Substitute within the meaning of the Annual Subscribers, Associates, Substitutes and Others Byelaw (No. 8 of 1993) and was Senior Executive Director of Special Risk Services, a division of the Minet Group.

In the proceedings before the Disciplinary Tribunal Mr Martin admitted misconduct, namely conducting himself in a dishonourable manner within the meaning of paragraph 1(f) of the Misconduct, Penalties and Sanctions Byelaw (No. 9 of 1993). The Disciplinary Tribunal, accordingly, found misconduct proved.

Mr Martin commissioned a report from a private investigator on a director of a company who had approached Mr Martin with a view to entering into a business transaction with Mr Martin's employer. The report showed that the director had had criminal convictions which included a three year prison sentence for fraud. Mr Martin fabricated a different report, purporting to come from the same private investigator, which omitted all reference to criminal convictions and recommended the director as an acceptable business partner. The Disciplinary Tribunal considered this to have been an act of calculated dishonesty by a senior employee in a position of trust.

The Council's decision to confirm the penalties imposed by the Disciplinary Tribunal in respect of the admitted misconduct was reached after consideration of the Report of the Disciplinary Tribunal and of written and oral submissions made to the Council on behalf of Mr Martin.

Copies of the Report of the Disciplinary Tribunal are available from the Disciplinary Secretariat, telephone nos: (0171) 327 6989/5530.

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

A P Barber
Secretary to Lloyd's Disciplinary Board