

FROM: Secretary of the Lloyd's Disciplinary Board,
LOCATION: 58/SW1
EXTENSION: 5530
DATE: 18 June 1999
REFERENCE: 060/99
SUBJECT: **SUMMARY DISCIPLINARY PROCEEDINGS**

ATTACHMENTS: Notices of Censure
ACTION POINTS: **For information**
DEADLINE: **None**

Mr Timothy Lawrence Ireland and Mr Roger Ayton Hutchison, former directors of the Lloyd's Broker TL Ireland Consultants Limited, have each admitted two charges of engaging in or being associated with discreditable conduct.

As a result of these proceedings, Messrs Ireland and Hutchison have each been fined £5,000, Censured and ordered to pay costs of £1,000.

Mr Ireland and Mr Hutchison were both required to submit application forms in order to become directors of a Lloyd's broker. At the time of submitting their application forms, the answers given on those forms were correct. They were both accepted as directors. However, both failed to notify Lloyd's forthwith of subsequent changes to the answers originally given on their application forms.

Further details of these matters are contained in the attached Notices of Censure.

These two cases were determined by the Lloyd's Disciplinary Board and its decision gives effect to settlements of these proceedings agreed between the Defendants and the Council pursuant to paragraph 3 of the Lloyd's Disciplinary Rules (Schedule 2 to the Disciplinary Committee Byelaw (No.31 of 1996)).

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

A P Barber
Secretary to the Lloyd's Disciplinary Tribunal

NOTICE OF CENSURE

TIMOTHY LAWRENCE IRELAND

Timothy L. Ireland has admitted two charges of engaging in or being associated with discreditable conduct.

In April 1989, an application form known as a Form B was submitted to Lloyd's on Mr Ireland's behalf and in Mr Ireland's name. This application was to become a director of TL Ireland and Co (Insurance Brokers) ("TLI"), a Lloyd's broker, having already been so for approximately 15 years. The Form B comprised a number of questions which were designed to assess Mr Ireland's fitness and propriety. Among these questions, it was asked whether Mr Ireland had ever been adjudged civilly liable for any misconduct by him towards any body corporate. The form also asked if any body corporate with which he had been associated had been compulsorily wound up within one year of his involvement with it. Both questions were correctly answered in the negative.

The declaration at the conclusion of the form required the applicant to inform Lloyd's forthwith of any changes to the answers given in the form.

In December 1995 Bradcrown Limited, which was a company of which Mr Ireland had been a Director, was compulsorily wound up on the petition of its landlord. Bradcrown had been the parent company of TLI.

In November 1996, the liquidator of Bradcrown issued proceedings in the High Court Chancery Division, in which it was alleged that the assets had been unlawfully transferred to Bradcrown's subsidiaries for no, or no proper consideration. This was a shareholders reconstruction for the commercial benefit of the business. Mr Ireland was subsequently joined as a third party, and relief was sought by the liquidator under section 212 of the Insolvency Act 1986.

In July 1997, Mr Justice Rattee gave judgement in the proceedings by way of summary judgement, in which he found Mr Ireland to have been in breach of his fiduciary duties to apply the Company assets only for the proper purposes of the Company.

Mr Ireland failed to inform Lloyd's of the winding up of Bradcrown, or of the fact, nature, or content of the judgement in the High Court Chancery Division.

Mr Ireland accepts that he failed to notify Lloyd's of the changes in the answers to his Form B, as was required of him by the Form B, and by his general duties arising from his director's undertaking.

The following penalties have been imposed on Mr Ireland:

- i) He is to pay a fine of £5,000.
- ii) He is to receive a Censure in the terms of this Notice.

Mr Ireland has also agreed to pay the costs of the Council of Lloyd's in the sum of £1,000.

In assessing the relevant penalties, account has been taken of the fact that Mr Ireland has been working in the Lloyd's market for 38 years, with a previously unblemished record.

LLOYD'S DISCIPLINARY BOARD

NOTICE OF CENSURE

ROGER A. HUTCHISON

Roger A. Hutchison has admitted two charges of engaging in or being associated with discreditable conduct.

In March 1989, Mr Hutchison submitted to Lloyd's an application form known as a Form B, to become a director of TL Ireland and Co (Insurance Brokers) ("TLI"), a Lloyd's broker. The Form B comprised a number of questions which were designed to assess Mr Hutchison's fitness and propriety. Among these questions, Mr Hutchison was asked whether he had ever been adjudged civilly liable for any misconduct by him towards any body corporate. The form also asked if any body corporate with which he had been associated had been compulsorily wound up within one year of his involvement with it. Mr Hutchison correctly answered "No" to both of these questions.

In a signed declaration at the conclusion of the form Mr Hutchison undertook to inform Lloyd's forthwith of any changes to the answers given in the form.

In December 1995 Bradcrown Limited, which was a company of which Mr Hutchison had been a Director until 6th April 1995, was compulsorily wound up on the petition of its landlord. Bradcrown had been the parent company of TLI.

In November 1996, the liquidator of Bradcrown issued proceedings in the High Court Chancery Division, in which it was alleged that the assets had been unlawfully transferred to Bradcrown's subsidiaries for no, or no proper, consideration. The Defendant was subsequently joined as a third party, and relief was sought by the liquidator under section 212 of the Insolvency Act 1986.

In July 1997, Mr Justice Rattee gave judgement in the proceedings by way of summary judgement, in which he found Mr Hutchison to have been in breach of his fiduciary duties to apply the Company assets only for the proper purposes of the Company.

Mr Hutchison failed to inform Lloyd's of the winding up until March 1997, when he completed a further Form B in connection with his employment at a different Lloyd's broker.

Furthermore, Mr Hutchison did not inform Lloyd's of the fact, nature, or content of the judgement in the High Court Chancery Division until January 1998.

Mr Hutchison accepts that he failed to notify Lloyd's forthwith of the changes in his answers to his Form B, as was required of him by the signed declaration, and his general duties arising from his director's undertaking.

The following penalties have been imposed on Mr Hutchison:

- i) He is to pay a fine of £5,000.
- ii) He is to receive a Censure in the terms of this Notice.

Mr Hutchison has also agreed to pay the costs of the Council of Lloyd's in the sum of £1,000.

In assessing the relevant penalties, account has been taken of the fact that Mr Hutchison did make voluntary disclosure of the Bradcrown liquidation, and the judgement against him, albeit not immediately.

LLOYD'S DISCIPLINARY BOARD