

FROM: The Secretary to Lloyd's Disciplinary Board
LOCATION: 58/NW1
EXTENSION: 5530
DATE: 24 May 2001
REFERENCE: 029/2001
SUBJECT: **LLOYD'S DISCIPLINARY PROCEEDINGS -
CASE NO. LDB0005/02 (MR RL MACRO)**

ATTACHMENTS: One Notice of Censure
ACTION POINTS: For information
DEADLINE: None

On 23 January 2001 Ronald Leslie MacRo, the former aviation director of Lloyd's broker Leumi Insurance Services (UK) Ltd, admitted two charges of conducting insurance business in a discreditable manner or with a lack of good faith; two charges of conduct that was dishonourable, disgraceful or improper; and one charge of breaching the provisions of paragraph 5 of the Inquiries and Investigations Byelaw (No. 3 of 1983). A Disciplinary Tribunal subsequently directed on 11 April 2001 that the following penalties and order of cost should be imposed on Mr MacRo:

Penalties: (i) exclusion from membership of the Society; (ii) the permanent suspension of his right of admission to the underwriting room and all other parts of the premises of the Society both in the United Kingdom and abroad; (iii) the permanent suspension of his right to transact or be concerned or interested in the transaction of any class of insurance business at Lloyd's; (iv) a permanent disbarment from acquiring any legal or beneficial interest in the shares or stock of any Lloyd's regulated entity and of exercising directly or indirectly any voting rights in respect of such stock or shares; (v) a permanent disbarment from working as a manager of any Lloyd's regulated entity or from being involved or interested in the management of the conduct of such business, whether directly or indirectly; and (vi) a Notice of Censure.

Costs order: the payment of £50,000 towards Lloyd's costs.

The events that gave rise to the preferment of disciplinary charges against Mr MacRo are

summarised in the attached Notice of Censure.

The above summary is based on the report of the decision of the Disciplinary Tribunal, copies of which are available on request from the Secretariat to Lloyd's Disciplinary Committees on extension 6989 or 5530.

This bulletin is being sent to all underwriting agents, Lloyd's brokers, corporate members, market associations, the ALM, recognised accountants and the General Insurance Standards Council.

A. P. Barber
Secretary to Lloyd's Disciplinary Board

NOTICE OF CENSURE

RONALD LESLIE MACRO

In January this year Mr MacRo pleaded guilty before a Disciplinary Tribunal to five charges of misconduct under (variously) the Misconduct, Penalties and Sanctions Byelaws (No. 5 of 1983 and No.9 of 1993) and the Misconduct and Penalties Byelaw (No. 30 of 1996) and the Tribunal found each of these charges proved.

Four of the charges related to a period of time when Mr. MacRo, a broker of long experience in the aviation insurance market and a director of Leumi Insurance Services (UK) Limited ("Leumi"), became involved in arranging for substantial payments to be made by Leumi to third parties referred to as 'I Persiguero' and 'AFS'. The payments were made in connection with a series of reinsurance contracts placed by Leumi, supposedly as commission due to persons (I Persiguero and AFS) who had introduced the relevant insurance business to the insurers who placed the reinsurance with Leumi. The arrangements were made at the instigation of Mr. Martin Garvey, at the time the underwriting agent for the insurers in question. 'I Persiguero' and 'AFS' were, in fact, fictitious cover names for Mr Garvey (and in one case his supervisor, Mr Jacques Pate), although the Council accepts that Mr. MacRo was unaware of this at the time and was deceived by Mr. Garvey as to the true recipient of the third party payments and the reason for them.

The total amount paid in this way (in part in sterling and in part in US dollars) was of the order of £750,000. Of this, between 1991 and 1996, Mr MacRo himself secretly received a share totalling in excess of £345,000 from Mr Garvey. He was also responsible for causing the production by Leumi of a number of false or misleading documents relating to these third party payments, including cover notes, premium debit notes and commission credit notes.

Of the four charges, the two most serious (Nos. 7 and 8) concerned the secret receipt by Mr MacRo of the sums in excess of £345,000. Such conduct was plainly dishonest, and is properly characterised as dishonourable, disgraceful and improper within the terms of paragraphs 1(f) of the Misconduct, Penalties and Sanctions Byelaws Nos. 5 of 1983 and No. 9 of 1993. Dishonesty of any kind in the market is not to be tolerated. Dishonesty of this nature, scale and duration must inevitably attract the severest of penalties in the form of permanent expulsion from the Society.

The other two charges (Nos. 3A and 4A) related to the production of the false documentation, as to which Mr. MacRo admits, and is found guilty of, conduct of insurance business in a discreditable manner and with a lack of good faith within the meaning of paragraphs 1(e) of the (same) Misconduct, Penalties and Sanctions Byelaws.

The fifth charge – Misconduct within the meaning of paragraph 3(a) of the Misconduct and Penalties Byelaw (No. 30 of 1996) – related to Mr MacRo’s wilful refusal to provide the Regulatory Proceedings Department with copies of his Inland Revenue tax returns for the years ending April 1991 to 1996 in breach of his obligation to co-operate with a Lloyd’s inquiry in to the matters described above.

The Tribunal ruled that Mr. MacRo

1. be excluded from membership of the Society;
2. be the subject of a permanent suspension of the right of admission to the Room and all other parts of the premises of the Society both in the United Kingdom and abroad;
3. be the subject of a permanent and total suspension 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;
4. be censured in the terms of this Notice; and
5. pay £50,000 towards the costs of the Council of Lloyd’s and of the Disciplinary Tribunal.

LLOYD’S DISCIPLINARY TRIBUNAL