



**Financial Services Commission**  
Mauritius

**Public Notice**

**Disqualification of Mr David Dawson Cosgrove from holding position as officer<sup>1</sup>**

The Enforcement Committee (the “EC”) of the Financial Services Commission (the “FSC”) has concluded that Mr. David Dawson Cosgrove (“Mr. David Cosgrove”) was not a fit and proper person and has consequently, on 24 August 2016, disqualified him from holding position as officer in any licensee of the FSC for a period of five (5) years pursuant to sections 7(1) (c) (ii) and 52(3) of the Financial Services Act 2007 (the “FSA”).

Mr David Cosgrove held office as director in the following companies, amongst others:

- i. Belvedere Management Limited (“BML”);
- ii. Lancelot Global PCC (“LGP”);
- iii. Four Elements PCC (“FEP”);
- iv. Two Seasons PCC (“TSP”); and
- v. RDL Management Ltd (“RDL”).

After due consideration of the written representations made by Mr David Cosgrove, the EC has concluded that during his tenure in office as director:

- i. BML has:
  - a. infringed paragraph 7.1 of the Code on the Prevention of Money Laundering and Terrorist Financing (the “Code”) as it did not provide any Anti-Money Laundering and Combatting the Financing of Terrorism related training to its employees;

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<sup>1</sup> As defined under section 2 of the Financial Services Act 2007

- b. acted in breach of Circular Letter CL010705 since the composition of its board of directors was not in accordance with the National Code of Corporate Governance; and
- c. failed to submit the Appendices for the years ended 31 December 2009, 31 December 2010 and 31 December 2011, duly dated and signed by the auditor, as required under Circular Letter CL030303.

ii. LGP has:

- a. breached section 29 of the FSA, as well as paragraphs 4.1 and 4.1.2.1 of the Code since Customer Due Diligence (“CDD”) were not conducted in accordance with the provisions of the Code and no proper records of same were kept;
- b. acted in breach of paragraph 4.2 of the Code since it failed to conduct proper checks on the source of funds of investors;
- c. contravened paragraph 4.3 of the Code since CDD documents were not certified in accordance with the requirements of the Code;
- d. breached paragraphs 5.4 and 5.5 of the Code since it did not retain documentation to support its decision to apply simplified or reduced CDD and did not maintain relevant minimum documentation as required by the Code; and
- e. acted in breach of regulation 57 of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 (the "CIS Regulations 2008") inasmuch as expenses paid were not properly disclosed in the offer document.

iii. FEP has:

- a. breached section 29 of the FSA, since its accounting records were incomplete;
- b. acted in breach of paragraphs 4.1 and 4.1.2.1 of the Code since it was noted that in many instances, CDD was not conducted in accordance with the provisions of the Code;
- c. contravened paragraph 4.2 of the Code since it failed to conduct checks on the source of funds of investors as required under the Code;
- d. infringed paragraph 4.4 of the Code since it was noted in many instances that the Group Eligible Introducer Certificates submitted on behalf of group of companies investing in FEP were not as per the Specimen Group Eligible Introducer Certificate prescribed by the Code; and

- e. failed to comply with paragraphs 5.4 and 5.5 of the Code since it did not retain documentation to support its decision to apply simplified or reduced CDD and it did not maintain relevant minimum documentation as required by the Code.

iv. TSP has:

- a. breached section 29 of the FSA, since it failed to maintain records of its transactions for its business activities;
- b. acted in breach of regulation 57 of the CIS Regulations 2008, inasmuch as expenses paid were not disclosed in the offer document;
- c. contravened regulation 59 of the CIS Regulations 2008, since there was manipulation of the Net Asset Value (“NAV”);
- d. failed to comply with regulation 63 of the CIS Regulations 2008, since transactions between two connected persons were not at arm’s length;
- e. acted in breach of paragraph 4.1 of the Code since appropriate CDD checks and measures on business relationships were not conducted in accordance with the Code; and
- f. acted in breach of paragraph 4.2 of the Code since verifications on source of funds from investors were not conducted as required under the Code.

v. RDL has:

- a. breached section 105(1) (c) of the Securities Act 2005 (the “SA”), since its directors have served their own interests to the detriment of those of the investors;
- b. infringed section 105(1) (g) of the SA insofar as many identified breaches committed in LGP and FEP were not reported to the FSC;
- c. failed to act in accordance with regulation 34(d) of the CIS Regulations 2008, since it did not take all reasonable steps and exercise due diligence to avoid the assets of the collective investment schemes (“CIS”) to which it provided management services from being invested in contravention of the CIS Regulations 2008;
- d. breached regulation 34(e) of the CIS Regulations 2008 insofar as there were grounds to believe that in Two Seasons PCC, there was significant manipulation of the NAV which was being calculated using predetermined NAV figures while the offer document stated otherwise;

- e. failed to comply with regulation 34(j) of the CIS Regulations 2008 since RDL failed to keep such books, records and other documents as set out in the Eighth Schedule to the CIS Regulations 2008 as were necessary for the proper recording of its business transactions and financial affairs and the transactions which it executed on behalf of the CIS under its management or participants of those CIS; and
- f. breached regulation 63 of the CIS Regulations 2008 which requires that all transactions carried out by or on behalf of the collective investment scheme be at arm's length, especially when the transactions involve the directors of the collective investment scheme as the other parties. The number of related party transactions entered into and the terms thereof were not carried out at arm's length but seemed to favour the borrowers to the detriment of the collective investment scheme. For instance, substantial amounts of money had been loaned out without any collateral, loans had been given interest free, failure by borrowers to repay the loans did not carry any penalty and repayment period for the loans had been repeatedly extended.

In accordance with section 53(4) of the FSA, Mr David Cosgrove may apply to the Financial Services Review Panel for a review of the decision of the EC within 21 days from the date on which he has been notified of the EC's decision.

The disqualification of Mr David Cosgrove from holding position as officer in any licensee of the FSC shall be effective at the expiry of the abovementioned 21 days period.

***Financial Services Commission, Mauritius***  
**24 August 2016**