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Eight convicted for role in unauthorised collective investment scheme

Press Releases | Published: 01/06/2015 | Last updated: 04/06/2015

In a case brought by the Financial Conduct Authority (FCA) Scott Crawley, Dale Walker, Daniel Forsyth, Brendan Daley, Aaron Petrou, Ross Peters, Adam Hawkins, and Ricky Mitchie have been convicted for their parts in the operation of an unauthorised collective investment scheme which led to 110 investors losing over £4.3 million.

The convictions of Mr Crawley, Mr Walker, Mr Forsyth, Mr Petrou and Mr Peters have to date led to sentences totalling 26 years' immediate imprisonment.

Mr Crawley was sentenced to a total of 8 years' imprisonment; Mr Walker to 5 ½ years' imprisonment; Mr Forsyth to 2 years' imprisonment - 15 months of which was for lying to the FCA in a compelled interview; Mr Daley to 15 months' imprisonment suspended for 2 years, with an electronically monitored curfew for 4 months; Mr Petrou to 5 years' imprisonment; Mr Peters to 5 ½ years' imprisonment; and Mr Mitchie to 4 months' imprisonment suspended for 18 months. The sentencing of Mr Hawkins has been adjourned until a later date. Mr Walker, Mr Forsyth, Mr Petrou, and Mr Peters were disqualified as directors for periods ranging from 5 to 10 years. Mr Crawley and Mr Daley had already been disqualified as directors following action taken by the Insolvency Service.

Commenting on the case, Georgina Philippou, acting director of enforcement and market oversight at the FCA, said:

'The FCA will take strong action, through both the civil and criminal courts, against those who operate illegal investment schemes and those who assist them like solicitors. People put their homes and retirements at risk on the back of promises of high returns that were never going to be realised. The severity of the sentences shows how seriously the courts view this kind of offending.'

The sentencing of Mr Crawley, Mr Walker, Mr Forsyth, Mr Petrou, Mr Peters and Mr Daley took place on 27 April 2015 and 29 April 2015 but can only be reported now due to the convictions on 29 May 2015 of two other individuals, Adam Hawkins and Ricky Mitchie, in the same case. Mr Mitchie was sentenced today and Mr Hawkins will be sentenced at a later date. Confiscation proceedings are being pursued against all defendants.

Between July 2008 and November 2011 the defendants were involved in the operation of an unauthorised collective investment scheme through three companies: Plott Investments Ltd, which changed its name to Plott UK Ltd, European Property Investments (UK) Ltd, and Stirling Alexander Ltd.

Salesmen for the companies cold-called potential investors to sell them agricultural land that the companies had bought for minimal amounts as well as land the companies did not own. Using sales scripts, misleading promotional material, and high-pressure sales techniques they lied about the current and future value of the land. People were persuaded to purchase land at a vastly inflated price, on the false promise of a substantial profit. The scheme extracted at least £4.3 million from investors and none of them have seen a return.

The defendants were convicted of various offences including conspiracy to defraud, breaching the general prohibition by conducting investment business without FCA authorisation, aiding and abetting a breach of the general prohibition, possessing criminal property, and providing false and misleading information to the (then) FSA in a compelled interview. Mr Peters also admitted being in contempt of court by breaching a restraint order obtained by the FSA. He breached the order by, among other things, dissipating over £237,000 from bank accounts and disposing of Rolex watches and two racehorses.

The solicitor to the scheme, Dale Walker, received nearly £900,000 of the proceeds of crime into his accounts, and was described by the Judge in sentencing remarks as having 'deliberately frustrated and delayed the FCA's investigations.' The Judge said that Mr Walker's conduct was worse because he was a solicitor.

In sentencing, Judge Leonard QC described the scheme as a 'very substantial and deliberate fraud on the public.' He stated that the operation was 'a subtle and cruel fraud because it involves the concept of owning land, a commodity that the public are bound to think has value and on which they cannot lose and on which they can easily be persuaded that they can make very substantial profits.'

The investigation, Operation Cotton, is one of the largest undertaken by the FCA to date and involved the use of the FCA's civil powers against two of the companies through which the scheme operated. When the defendants continued with the scheme through a different company, the FCA brought an end to the scheme by taking criminal action. The FCA was assisted in the investigation and prosecution by a number of other law enforcement and government agencies, including the City of London Police and the Insolvency Service, and by those who invested in the scheme.

Notes to editors

1. The jury in 'trial 1' returned its verdicts in respect of Crawley, Walker, Forsyth, and Daley on 8 April 2015. The jury in 'trial 2' returned its verdicts in respect of Hawkins and Mitchie on 29 May 2015. Reporting restrictions imposed by the Court prevented publication of the earlier convictions of Crawley, Walker, Forsyth, Daley, Petrou and Peters until the conclusion of the trial of Mitchie and Hawkins.
2. Crawley was convicted by the jury in trial 1 of one count of conspiracy to defraud (count 1), and one count of operating a regulated activity, namely a CIS, without authorisation (count 2). He was sentenced to 8 years' imprisonment on count 1, and 21 months' imprisonment on count 2 (with the sentences to run concurrently).
3. Walker was convicted by the jury in trial 1 of one count of aiding and abetting the carrying on of a regulated activity, namely a CIS, without authorisation (count 3), and one count of possessing criminal property (count 4). He was sentenced to 21 months' imprisonment on count 3 and 5 ½ years' imprisonment on count 4 (with the sentences to run concurrently).
4. Forsyth was convicted by the jury in trial 1 of count 2. He had pleaded guilty at a hearing on 18 November 2014 to providing false and misleading information in a compelled interview (count 5). He was sentenced to 9 months' imprisonment on count 2, and 15 months' imprisonment on count 5 (with the sentences to run consecutively). The Judge applied a 30% reduction to his sentence on count 5 to reflect his guilty plea.
5. Daley was convicted by the jury in trial 1 of count 2.
6. Petrou pleaded guilty to count 1 at a hearing on 24 October 2014. The plea was on a written basis that included the fact that he accepted his actions amounted to operating a regulated activity, namely a CIS, without authorisation. The Judge applied a 30% reduction to his sentence to reflect his guilty plea. The prosecution did not seek a trial on count 2, and it was ordered to lie on the file.
7. Peters pleaded guilty to counts 1 and 2 at a hearing on 28 January 2015. He was sentenced to 5 years' imprisonment on count 1, and 18 months' imprisonment on count 2 (with the sentences to run concurrently). The Judge applied a 30% reduction to his sentence to reflect his guilty pleas. Peters was also committed to prison for 6 months in respect of the breach of the restraint order, with the period to run consecutively to the other sentences.
8. The jury in trial 1 was unable to reach a verdict against Walker and Daley on count 1. The FCA decided not to seek a retrial and the counts were ordered to lie on the file. Forsyth was acquitted of count 1.
9. Hawkins was convicted by the jury in trial 2 of counts 1 and 2. He will be sentenced at a later date.
10. Mitchie was convicted by the jury in trial 2 of count 2. He was sentenced to 4 months' imprisonment suspended for 18 months. He was acquitted of count 1.
11. The FCA was represented by Sean Larkin QC, Paul Raudnitz, and Polly Dyer of QEB Hollis Whiteman chambers in these proceedings.

12. On the 1 April 2013 the Financial Conduct Authority (FCA) became responsible for the conduct supervision of all regulated financial firms and the prudential supervision of those not supervised by the Prudential Regulation Authority (PRA).
13. The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this it has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system; and to promote effective competition in the interests of consumers.
14. Find out more [information about the FCA](#).