

**IN THE ENFORCEMENT COMMITTEE ESTABLISHED IN TERMS OF  
SECTION 10(3), READ WITH SECTION 10A OF THE FINANCIAL  
SERVICES BOARD ACT, 97 OF 1990**

CASE NO: **11/2012**

In the matter of:

**THE REGISTRAR OF FINANCIAL SERVICES  
PROVIDERS**

Applicant

and

**LOMBARD LIFE LIMITED**

Respondent

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**ORDER**

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WITH DUE CONSIDERATION to the settlement agreement (attached marked annexure "A") in terms of section 6B(7)(a) of the Financial Institutions (Protection of Funds) Act, No 28 of 2001, I hereby determine that the Respondent contravened section 7 (1) of the Financial Advisory and Intermediary Services Act, No 37 of 2002 and impose a penalty of R100 000 to be paid on or before 30 April 2012. The remaining terms and conditions of the settlement agreement are incorporated and made an order of the Enforcement Committee.

I make no order regarding costs.

Signed at **PRETORIA** on the <sup>22</sup>..... day of March 2012.



**C F Eloff**  
**Chairperson of the Enforcement Committee**

**IN THE ENFORCEMENT COMMITTEE ESTABLISHED IN TERMS OF  
SECTION 10(3), READ WITH 10A OF THE FINANCIAL SERVICES  
BOARD ACT, 97 OF 1990**

CASE NO: **11/2012**

In the matter of:

**THE REGISTRAR OF FINANCIAL SERVICES  
PROVIDERS**

The Applicant

and

**LOMBARD LIFE LIMITED**

Respondent

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**SETTLEMENT AGREEMENT IN TERMS OF SECTION 6B(7)(a) OF  
THE FINANCIAL INSTITUTIONS (PROTECTION OF FUNDS) ACT,  
28 OF 2001**

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**1. The parties**

The parties to the agreement are:

- 1.1. The Registrar of Financial Services Providers (the Registrar)  
herein represented by Mr German Emmanuel Anderson, an  
employee of the Financial Services Board (FSB). The Registrar's  
offices are situated at Riverwalk Office Park, 41 Matroosberg  
Road, Ashlea Gardens Ext 6, Pretoria; and

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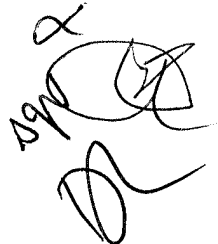
1.2. Lombard Life Limited (Lombard), a public company incorporated in terms of the Companies Act, with registration number 1996/014618/06. Lombard is an authorised financial services provider with FSP number 11643, approved to give advice and perform intermediary services with regard to the following financial products: long-term insurance categories A, B1, B2 and C, retail pension funds benefits and pension funds benefits. Lombard is also a registered insurer.

1.3. Lombard has its principal place of business at ground floor, Building C, Sunnyside Office Park, 2 Carse O' Gowrie Road, Parktown, Johannesburg.

1.4. Lombard is herein represented by Dean Hyde, who holds the position of Financial Director, who confirms that he is duly authorised to sign this settlement agreement.

## 2. The contravention

2.1. It is agreed between the parties that Lombard contravened section 7(1) of the Financial Advisory and Intermediary Services Act, no 37 of 2002 ("the FAIS Act"), in that:

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2.1.1. Lombard being the underwriter of a long –term insurance product called Vision collected premiums under the said policy. Inclusive in the funds collected by Lombard were contributions by clients to a savings scheme. The savings scheme guaranteed clients interest calculated at 75% of an A1 bank savings account rate.

2.1.2. The monies collected in respect of the savings scheme constitute deposits as contemplated by section 1 of the Banks Act, 94 of 1990 (the Banks Act).

2.1.3. Section 1 of the FAIS Act lists deposits as described above to fall within the definition of a financial product.

2.1.4. Lombard’s license did not authorize it to receive such deposits. Consequently, Lombard provided unlicensed intermediary services in respect of such deposits thus contravening section 7 (1) of the FAIS Act.

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DL

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**3. The mitigating circumstances**

3.1. It is also been agreed that the following mitigating factors are relevant to the matter:

3.1.1. The contravention occurred as a result of a *bona fide* misinterpretation of the applicable law.

3.1.2. The contravention was over a relatively short period (nine months) and ceased in April 2011 when the savings scheme was discontinued;

3.1.3. Lombard co-operated with the Registrar's investigation and the enforcement action, and displayed sincere regret for the contravention.

**4. The agreed penalty**

4.1. In the light of the above, and in terms of section 6B(7)(a) of the Financial Institutions (Protection of Funds) Act, No 28 of 2001, the parties have agreed that Lombard will pay a penalty

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BY  
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of R100 000 on or before 30 April 2012 in settlement of the matter.

- 4.2. The parties humbly request that the Honorable Chairperson makes the settlement an order, as envisaged in section 6B(7)(b) of the Financial Institutions (Protection of Funds) Act (FI Act).

## **5. Other conditions**

- 5.1. This agreement is subject to approval by the Enforcement Committee and the parties specifically record that they are aware of the possibility that the Enforcement Committee may not accept the terms of this agreement.
- 5.2. If Lombard does not comply with the terms of this agreement and it is necessary for the FSB to proceed with legal proceedings, Lombard herewith consents to pay all legal costs to the FSB on the Attorney and Client scale in terms of the High Court Rules inclusive of collection commission and Value Added Tax.

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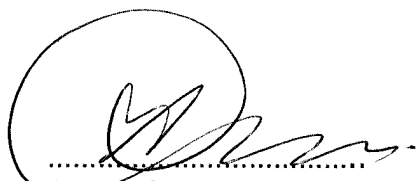
5.3. If payment of the penalty is received on or before 30 April 2012, no interest shall be payable. If payment is not received by due date, interest shall accrue at the prescribed rate of 15.5% per annum calculated from 30 April 2012.

5.4. Any receipt of a payment by the FSB after the due date shall be without prejudice to any of the rights of the FSB.

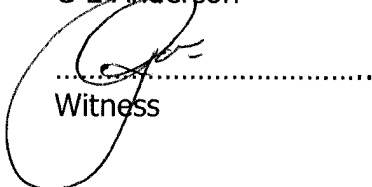
5.5. For purposes of the notification in terms of section 6E of the FI Act, Lombard elects to receive notification via e-mail at stephenv@lombardins.com.

5.6. This agreement constitutes the whole agreement between the parties arising from the contravention including Lombard's liability for penalties, costs, fees and expenses.

Signed at PRETORIA on 22 March 2012 on behalf of the Registrar



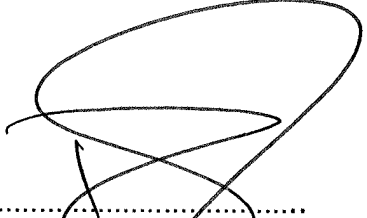
.....  
G E Anderson



.....  
Witness



Signed at PHB on 14 March 2012 on behalf of Lombard Life Limited.



.....  
Dean Hyde



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Witness

