

Strand Capital special administration achieves successful milestone

4 April 2019 - The special administrators of Strand Capital Limited (“Strand”) at Smith & Williamson LLP can confirm that a formal distribution plan of clients’ custody assets has been approved by the High Court.

The distribution plan approved by the Court on 2 April 2019 means that nearly all of the 2,500 clients holding investments with Strand will have their investments returned to them in full. This outcome is possible as the costs are being borne by the Financial Services Compensation Scheme (“FSCS”) in almost all cases. The costs relate to the fees of the administrators, their lawyers and others involved, such as custodians.

This news follows a recent interim distribution of client monies at a level of 65 pence in the £. Future distributions of client monies are expected.

Adam Stephens, partner at Smith & Williamson LLP and one of the special administrators of Strand Capital Limited said: *“We believe this distribution plan provides the best outcome for Strand’s clients as we are now able to return almost all clients’ assets to them in full. The approval of the distribution plan, with the support of the FSCS, represents the achievement of an important milestone in this insolvency”.*

Clients are urged to get in touch with the special administrators of Strand to provide details of where their assets should be sent.

History of Strand’s special administration

Strand filed an application to Court for its special administration order on 15 May 2017 because it had become insolvent. This application was subsequently approved by Court, resulting in an Order for the appointment of the special administrators being made on the 17 May 2017.

The events resulting in the failure of Strand can be summarised as follows:

- During 2016 the Company’s sole shareholder was seeking to dispose of its interest in the Company, as it was no longer a strategic fit with its ongoing business plan. As part of these plans a sale by management buyout was explored.
- The breakdown of this intended management buyout resulted in key senior management, who held the relevant FCA regulated controlled functions, departing the Company in March 2017.
- This, linked with the breakdown of the relationship with the Company’s trading platform provider, resulted in the appointment of the current director and an agreement with the Financial Conduct Authority (“FCA) to cease carrying on regulated activity. This had the effect of prohibiting Strand from dealing with client monies and client assets.

Professional advice was sought by the Company’s director who concluded that Strand was insolvent and that it should be placed into special administration to provide protection for the clients and creditors.

The joint special administrators have a dedicated phone line and email address for Strand Capital clients:

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Notes to Editors

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The tax treatment depends on the individual circumstances of each client and may be subject to change in future.

Adam Stephens and Henry Shinnars both of Smith & Williamson LLP and Virgil Levy of LA Business Recovery Limited were appointed joint special administrators of Strand Capital Limited (“the Company”) on 17 May 2017. They act as agents of the Company and without personal liability. Adam Stephens, Henry Shinnars are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. Virgil Levy is licensed as insolvency practitioners in the UK by the Insolvency Practitioners Association

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