

APPLICATION ON PAPERS

CONSENT ORDER CHAIR OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of:	Mr Paul Steven Thompson
Considered on:	Wednesday, 08 December 2021
Chair:	Mr Martin Winter
Legal Adviser:	Mr Alastair McFarlane
Outcome:	Member reprimanded and to pay a fine of £3,000.00 and cost to the ACCA in the sum of £940.00.

DOCUMENTS BEFORE THE CHAIR

1. The Chair received a bundle of papers, numbered pages 1-276, including a signed Consent Order and a service bundle numbered pages 1-9.

ALLEGATIONS

Allegation 1

1. Mr Paul Steven Thompson, the Money Laundering Reporting Officer and principal of TACCS Accountancy Ltd ('the firm'), admits the following:

From 26 June 2017 to 17 May 2021, he failed on behalf of the firm to comply with the requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the regulations), namely:

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- 1.1 Regulation 18 (Risk assessment by relevant persons)
- 1.2 Regulation 19 (Policies, controls and procedures)

Allegation 2

From 26 June 2017 to 17 May 2021, he failed to comply with Section B2 of ACCA's Code of Ethics and Conduct (Anti-Money Laundering) (as applicable from 2017 to 2021)

Allegation 3

By reason of his conduct in respect of the all the matters set out at allegations 1 to 2, Mr Thompson is guilty of misconduct pursuant to byelaw 8(a)(i)

BACKGROUND

- 2. Mr Thompson has been a member of ACCA since 2003.
- 3. Mr Thompson is a director and the Money Laundering Reporting Officer "*(the MLRO)*" of the firm.
- 4. On 17 May 2021, a desk-based monitoring review of the firm was conducted by the ACCA's Anti-Money Laundering (AML) Team in order to assess its compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs).
- 5. The review revealed evidence of poor AML compliance regarding to the following AML controls:
 - a. The firm had not conducted and documented a firm wide risk assessment (FWRA). Consequently, the firm was not aware of AML risks within its operations and was not able to adequately mitigate them. As a result, the firm was in a vulnerable position to be exploited by criminals for the purpose of money laundering and terrorist financing. This is also a legal requirement and therefore the firm was in breach of MLRs 2017.

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- b. The firm did not have documented AML policies and procedures (P&Ps). Consequently, the firm did not have a documented process in place to state how it mitigates its money laundering risks. This is also a legal requirement and therefore the firm was in breach of MLRs 2017.
6. The evidence revealed failures to comply not only with the 2017 MLRs set out above, but also failure to apply the guidance set out within AMLGAS. This guidance is based on the law and the MLRs which came into force on 26 June 2017. It covers the prevention of money laundering and the countering of terrorist financing. It is intended to be read by anyone who provides audit, accountancy, tax advisory, insolvency, or trust and company services in the United Kingdom and has been approved and adopted by the UK accountancy AML supervisory bodies.
7. Further, the evidence also revealed the firm was not in compliance with Section B2 of ACCA's Rulebook (Anti-Money Laundering), in particular: Sections 5 and 6 – Relationship with the local law and Sections 7 and 8 – Internal controls and policies.
8. Following the AML Team's referral to ACCA's Investigations Department, Mr Thompson took steps to rectify the breaches and provided evidence that the relevant documentation and processes had been put in place to show how he had attempted to rectify the failures identified by the AML Team. On 25 August 2021, the AML Team confirmed that Mr Thompson had now regularised the position and that AML Team's review was now closed.

CHAIR'S DECISION

9. Under Regulation 8(8) of the Complaints and Disciplinary Regulations 2014, the Chair has to determine whether on the basis of the evidence before them, it is appropriate to approve or reject the draft Consent Order.
10. The Chair noted that under Regulation 8(12) they shall only reject the signed Consent Order if they are of the view that the admitted breaches would, more likely than not, result in exclusion from membership.

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11. The Chair considered the seriousness of the breaches and the public interest, which includes the protection of the public, the maintenance of public confidence in the profession and the declaring and upholding of proper standards of conduct and performance. They balanced this against Mr Thompson's interests and his previous good character, his admissions and his co-operation with ACCA. There was no suggestion of dishonesty.
12. The Chair noted the list of aggravating and mitigating factors advanced at paragraphs 10 and 11 of the draft Consent Order. They noted that Mr Thompson was undergoing difficult personal circumstances at the time and that Mr Thompson has undertaken extensive measures to ensure that he is compliant with money laundering regulations and obligations in the future.
13. The Chair had regard to ACCA's Guidance for Disciplinary Sanctions. They were satisfied that there had been early and genuine acceptance of the misconduct and that the risk to the public and profession from Mr Thompson continuing as a member was low.
14. For the reasons set out above, the Chair was satisfied that the admitted breaches would be unlikely to result in exclusion from membership, and therefore there was no basis for them to reject the Consent Order under Regulation 8(12). The Chair noted the proposed Consent Order and considering all the information before them was satisfied that it was an appropriate and proportionate disposal of this case.
15. The appropriate sanction is a reprimand with a fine of £3,000. In deciding that a fine of £3,000 is suitable as a financial sanction, the section in the Guidance headed "Additional guidance in relation to AML Allegations" has been considered. In particular, this states that under the Money Laundering Regulations, ACCA must effectively monitor its firms to ensure they comply with the requirements of the regulations by taking appropriate measures where irregularities have been uncovered. This includes ACCA taking effective, proportionate and deterrent disciplinary action under ACCA's bye laws and regulations, which may be punitive in effect.
16. The Chair had regard to the Guidance that divides the types of AML breaches

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into 'Very Serious', 'Serious' and 'Less Serious'. They were of the view that the Allegation falls in to the 'Serious' category given that the evidence shows that Mr Thompson's conduct was 'reckless'.

ORDER

17. The Chair, pursuant to their powers under Regulation 8, made an Order in terms of the draft Consent Order, namely that Mr Thompson be reprimanded, pay a fine of £3,000 and pay ACCA's costs of £940.

Mr Martin Winter
Chair
08 December 2021