

## APPLICATION ON PAPERS

### CONSENT ORDER CHAIR OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

#### REASONS FOR DECISION

<b>In the matter of:</b>	<b>Mr Martyn David Verity</b>
<b>Considered on:</b>	<b>Friday, 08 April 2022</b>
<b>Chair:</b>	<b>Mrs Kathryn Douglas</b>
<b>Legal Adviser:</b>	<b>Mr Andrew Granville Stafford</b>
<b>Outcome:</b>	<b>Consent Order Approved</b>

#### INTRODUCTION

1. This matter has been referred to a Chair of the Disciplinary Committee of ACCA ('the Chair') pursuant to Regulation 8(8) of the Complaints and Disciplinary Regulations ('CDR') to determine on the basis of the evidence before them whether to approve the draft Consent Order. Under CDR 8(8), a Consent Order is made by a Chair of the Disciplinary Committee in the absence of the parties and without a public hearing.
2. The Chair had before them a bundle of 250 pages which included a Consent Order Draft Agreement.

#### CONSENT ORDER DRAFT AGREEMENT

3. The Consent Order Draft Agreement was signed by Mr Verity on 08 March 2022 and by a representative of ACCA on 10 March 2022. It reads as follows:

#### ACCA



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## **Allegations**

*The Association of Chartered Certified Accountants ("ACCA") and Mr Martyn David Verity ("the Parties"), agree as follows:*

1. *Mr Martyn David Verity admits the following:*

### *Allegation 1*

*Mr Martyn David Verity ("Mr Verity"), a Fellow of ACCA who has never held an ACCA practising certificate:*

- a) *From 08 July 2006 to 07 March 2021, has been carrying on and/or holding out and/or allowing himself to be held out as being in public practice contrary to Regulation 3(1)(a) of the Global Practising Regulations (as amended in 2006 - 2021).*
- b) *From 08 July 2006 to 07 March 2021, has held rights in Cantelowes Limited which in effect put him in the position of principal (16.65 - 25% shares) of a firm carrying on public practice, contrary to Regulation 3(2)(b) of the Global Practising Regulations (as amended in 2006 - 2021).*
- c) *From 26 May 2015 to 07 March 2018, has been director of 'Cantelowes Partners Ltd', a firm holding out to be in public practice, contrary to Regulation 3(2)(a) of the Global Practising Regulations (as amended in 2015-2018).*
- d) *From 26 May 2015 to 07 March 2021, has held rights in 'Cantelowes Partners Ltd' which in effect put him in the position of principal (25 - 100% shares) of a firm holding out to be in public practice, contrary to Regulation 3(2)(b) of the Global Practising Regulations (as amended in 2015-2021).*

### *Allegation 2*

*On dates between and including, 01 January 2015 to 07 December 2020, Mr Verity submitted CPD Declarations to ACCA for 2014, 2015, 2016, 2017, 2018, 2019, 2020 in which he declared:*

- a) *That he had not engaged in public practice activities without holding an ACCA practising certificate in the previous 12 months and when at all material times he had been engaged in and/or holding out as*

*available to undertake public practice at Cantelowes Limited and Cantelowes Partners Ltd without an ACCA practising certificate.*

- b) *Mr Verity's conduct at 2a) above, was reckless in that he failed to have any or sufficient regard to, the terms of the declaration he gave, when he wrongly confirmed he had not carried on public practice activities without holding a practising certificate (as per Global Practising Regulations 3 and 4), or otherwise acknowledged he required a practising certificate if he engaged in public practice.*

#### *Allegation 3*

*From 26 June 2017 to 06 March 2018, Mr Verity, has been providing accountancy services at Cantelowes Partners Ltd within the terms of the Money Laundering Regulations 2007/2017 and failed to obtain supervision for compliance with these Regulations in accordance with Regulation 3(2), Annex 1 of the Global Practising Regulations (as amended in 2017 - 2018).*

#### *Allegation 4*

*In light of any or all of the facts set out at allegations 1a - 1 d, 2a - 2b and 3 above, Mr Verity is guilty of misconduct pursuant to bye-law 8(a)(i).*

2. *That Mr Verity shall be severely reprimanded, shall pay a fine of £3,182 and shall pay costs to ACCA in the sum of £1,191.*
  
4. The relevant background and facts are set out in an appendix to the agreement which reads as follows.

#### *Relevant facts, Failings and/or Breaches*

3. *The investigating officer has conducted their investigation into the allegations against Mr Verity in accordance with Regulation 8(1)(a) of the Complaints and Disciplinary Regulations ("CDR") (as amended in 2020) and is satisfied that:*
  - a) *They have conducted the appropriate level of investigation as evidenced by the enclosed evidence bundle (see pages 06 - 250), and determined that there is a case to answer against Mr Verity and there is a real prospect of a reasonable tribunal finding the*

*allegations proved; and*

- b) the proposed allegations would be unlikely to result in exclusion from membership.*
- 4. The relevant facts, failings and/or breaches have been agreed between the parties and are set out in the detailed allegations above together with the proposed sanction and costs.*
- 5. A summary of key facts is set out below:*

  - On 17 December 2020, an internal complaint was raised against Mr Verity as it appeared that he was carrying on public practice activities whilst not holding an ACCA practising certificate.*
  - On 3 March 2021, the Investigations Officer carried out searches of Mr Verity's accounting activities and those of the firms, Cantelowes Limited and Cantelowes Partners Ltd.*
  - This revealed that Cantelowes Limited was incorporated on 8 July 2003, and Mr Verity was a principal who held (16.65 - 25%) shares in the firm between 08 July 2006 to 07 March 2021. The nature of business carried out by the firm included "accounting and auditing activities".*
  - The Cantelowes website and social media profiles showed that the firm used the description "certified public accountant" and "chartered certified accountants and registered auditors". The services offered by the firm included accountancy, taxation and/or self-assessment tax returns.*
  - Results from the Financial Analysis Made Easy ("FAME") website revealed that Cantelowes Limited appeared to have acted as auditor/accountant for 181 companies.*
  - Companies House records further revealed that Cantelowes Partners Ltd was incorporated on 26 May 2015 and that Mr Verity was director and principal of the firm. His recorded occupation was an "accountant" and the nature of business carried out by the firm was, "accounting and auditing activities". Mr Verity resigned as director on 7 March 2018 but continued to hold shares which in effect put him in position of principal.*

- *By letter dated 15 March 2021, Mr Verity confirmed that Cantelowes Limited provided accounting and taxation services whilst Cantelowes Partners Ltd provided bookkeeping services. He provided services which included, the preparation of accounts, bookkeeping, VAT, payroll, corporate, personal tax returns and he assisted with on site audits.*
- *Cantelowes Limited did provide audit work and the Responsible Individual was Mr Paul Ashby who holds an ACCA practising certificate with audit qualification (PC+A). Accounts and audit work were signed off by Mr Ashby. Tax returns and tax declarations are signed off by clients.*
- *In regard to the public practice declaration in the CPD declarations, Mr Verity stated that this was an oversight or lack of knowledge as to the meaning of public practice. He had not intended to submit a false or inaccurate declaration.*
- *Mr Verity had been under the mistaken impression that the same AML processes were followed in Cantelowes Limited and Cantelowes Partners Ltd. In 2018, it was highlighted by ACCA that Mr Ashby should be added as director of Cantelowes Partners Ltd. This advice was actioned and as of 7 March 2018, Mr Ashby has been a director of the firm and been supervised for AML purposes.*
- *Further, Mr Verity took immediate steps to regularise his position on 8 March 2021, by divesting the majority of his shares at both firms so that he held less than 4.99%. He also provided an undertaking that he would not offer or carry on public practice activities unless he is an employee or unless he obtains an ACCA practising certificate.*
- *Additionally, Mr Verity provided proof of professional indemnity insurance cover during this period.*

### Sanction

6. *The appropriate sanction is a severe reprimand and a fine of £3,182.*
7. *In considering this to be the most appropriate sanction, ACCA's Guidance for Disciplinary Sanctions ("Guidance") has been considered and particularly the*

key principles. One of the key principles is that of the public interest, which includes the following:

- *Protection of members of the public;*
  - *Maintenance of public confidence in the profession and in ACCA; and*
  - *Declaring and upholding proper standards of conduct and performance.*
8. *Another key principle is that of proportionality, that is, balancing the member's own interests against the public interest. Further the aggravating and mitigating features of the case have been considered.*
9. *The aggravating factors are considered to be as follows:*
- *The length of time that Mr Verity has undertaken public practice without holding an ACCA practising certificate;*
  - *The number of incorrectly signed annual CPD declarations submitted by Mr Verity to ACCA.*
10. *In deciding that a severe reprimand and a fine, is the most suitable sanction paragraphs C4.1 to C4.5 and C6.1 to C6.8, of ACCA's Guidance have been considered and the following mitigating factors have been noted:*
- *Mr Verity has been a member of ACCA since 15 April 2002 and has a previous good record with no previous complaint or disciplinary history;*
  - *Mr Verity has fully co-operated with the investigation and regulatory process;*
  - *Mr Verity has ultimately admitted his conduct and expressed genuine remorse;*
  - *Mr Verity has taken remedial action to address his conduct by divesting the majority of his shares at the firms.*
11. *ACCA has considered the other available sanctions and is of the view that they are not appropriate. ACCA considers that a severe reprimand and a fine proportionately reflects Mr Verity's conduct and the public policy considerations which ACCA must consider in deciding on the appropriate sanction. This is a public interest sanction due to the misconduct bringing discredit to ACCA and the profession; and it conveys a message of the importance of fundamental*

*standards of professional conduct.*

## **DECISION**

5. The powers available to the Chair are to:
  - a) Approve the draft Consent Order, in which case the findings on the allegations and the orders contained in it become formal findings and orders (CDR 8(11) and 8(14));
  - b) Reject the draft Consent Order, which they may only do if they are of the view that the admitted breaches would more likely than not result in exclusion from membership (CDR 8(12));
  - c) Recommend amendments to the draft Consent Order, if they are satisfied it is appropriate to deal with the complaint by way of consent but wish the terms of the draft order to be amended (CDR 8(13)).
6. The Chair was satisfied it was appropriate to make a Consent Order in the terms agreed between the parties.
7. The Chair noted that Mr Verity had made full admissions to the matters alleged against him and was satisfied, on the basis of the evidence before them, that those admissions had been properly made. The Chair was of the view that there was a formatting error in the numbering of the allegations, in that para (a) of Allegation 2 should include the whole of the words from 'On dates between' down to 'ACCA practising certificate'. Grammatically, Allegation 2 would read better, therefore, if it had been set out as follows:

### *Allegation 2*

- a) *On dates between and including, 01 January 2015 to 07 December 2020, Mr Verity submitted CPD Declarations to ACCA for 2014, 2015, 2016, 2017, 2018, 2019, 2020 in which he declared that he had not engaged in public practice activities without holding an ACCA practising certificate in the previous 12 months and when at all material times he had been engaged in and/or holding out as available to undertake public practice at Cantelowes Limited and Cantelowes Partners Ltd without an ACCA practising certificate.*
- b) *Mr Verity's conduct at 2a) above, was reckless in that he failed to have any or sufficient regard to, the terms of the declaration he gave, when he*

*wrongly confirmed he had not carried on public practice activities without holding a practising certificate (as per Global Practising Regulations 3 and 4), or otherwise acknowledged he required a practising certificate if he engaged in public practice.*

8. The Chair was satisfied, however, that the Consent Order as set out in the signed agreement was sufficiently clear and that Mr Verity's admissions were unequivocal. In those circumstances, it was unnecessary for the Chair to exercise their power under 8(13) to recommend an amendment to the Consent Order agreement. To do so would only incur further cost and delay which would be disproportionate given that there can be no misunderstanding as to what is being alleged and admitted.
9. The Chair considered that a sufficiently full and thorough investigation had been carried out and that there clearly was, if the case proceeded to a hearing, a real prospect that the allegations would be found proved.
10. The Chair noted the contents of paragraphs 9 and 10 of the agreed background and considered that they accurately and appropriately set out the aggravating and mitigating features in this matter. The Chair did not consider that exclusion was a likely sanction if the matter proceeded to a hearing before the Disciplinary Committee, and further was satisfied that the proposed sanction of a severe reprimand and fine was appropriate and proportionate in the circumstances of the case.
11. Therefore, the Chair approved the draft Consent Order.

## **ORDER**

12. The Chair made the following Order:
  - i. The draft Consent Order is approved.
  - ii. Allegations 1, 2 and 3 are proved by admission. Allegation 4, alleging misconduct, is found proved in the judgment of the Chair.
  - iii. Mr Verity is severely reprimanded.
  - iv. Mr Verity is fined £3,182.
  - v. Mr Verity is ordered to pay costs to ACCA in the sum of £1,191.
13. Under CDR 8(17) there is no right of appeal against this order. Therefore, this



order comes into effect immediately.

**Mrs Kathryn Douglas**  
**Chair**  
**08 April 2022**