

HEARING

DISCIPLINARY COMMITTEE OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of: Mr Federico Lago

Heard on: 19 and 20 November 2024

Location: Remotely using Microsoft Teams

Committee: Ms Kathryn Douglas (Chair)
Mr Ryan Moore (Accountant)
Mr Andrew Skelton (Lay)

Legal Adviser: Mr David Marshall

**Persons present
and capacity:** Mr Matthew Kerruish-Jones (ACCA Case Presenter)
Mr Federico Lago (Member)
Mr Matthew Corrie (Counsel for the Member)
Ms Anna Packowska (Hearings Officer)

Summary: Severe Reprimand

Costs: £3,000 awarded against Mr Lago

1. The Committee heard an allegation of misconduct against Mr Lago. Mr Kerruish-Jones appeared for ACCA. Mr Lago was present and was represented by Mr Corrie.
2. The Committee had a main bundle of papers containing 136 pages, Tabled Additional (1) containing 48 pages, Tabled Additional (2) containing 3 pages

and a service bundle containing 19 pages. At the start of the hearing, Mr Corrie produced a redacted version of the main bundle (136 pages) in which certain passages had been struck out by agreement between counsel. As the Committee had already seen, and may have made notes on, the original version of the bundle he also provided a one-page table of redactions. The Committee retired briefly to note the redactions before proceeding.

PRELIMINARY APPLICATIONS/SERVICE OF PAPERS

3. The only preliminary matter related to the redactions already mentioned. These were intended to remove inadmissible evidence and also to remove certain passages from the witness statement of [PRIVATE] which were in dispute. With these passages removed, that evidence was agreed, and the parties did not require them to be called. The Committee did not have questions for them and [PRIVATE] was released.

ALLEGATION(S)/BRIEF BACKGROUND

4. Mr Lago was employed from 17 January 2019 until 6 January 2021 by Firm A. At the start of his employment, he was an ACCA student but achieved membership while employed by Firm A. It is alleged that when applying for this post he submitted a false CV and later provided a false reference. He faced the following charges:

Mr Federico Lago, an ACCA member:

1. *In or around 2018 or 2019, while he was an ACCA student:*

- a) *'Submitted a CV to Firm A which purported to state that between February 2013 and April 2016, he was an Accounts Manager at Firm B, when in fact, he was a partner at Firm C, details of which were omitted from his CV.*

- b) *Caused or allowed to be submitted a reference to Firm A, purporting to be from Firm B, when in fact, it was provided by Person A (his employee), at Firm C.*

2. *Mr Lago's conduct was:*

a) *In respect of Allegation 1 a), dishonest, in that Mr Lago informed or allowed to be informed Firm A, in order to secure his employment with Firm A, that he had been employed in a position at Firm B between February 2013 and April 2016, when he knew this was untrue.*

b) *In respect of Allegation 1 b), dishonest, in that Mr Lago caused or allowed a reference, purportedly from Firm B, but actually from Person A at Firm C, to be submitted to Firm A, in order to secure employment with Firm A.*

c) *In the alternative, any or all of the conduct referred to in Allegation 1 above demonstrates a failure to act with integrity.*

3. *By reason of his conduct, Mr Lago is guilty of misconduct pursuant to ACCA bye-law 8(a)(i) in respect of any or all the matters set out at Allegations 1 and 2 above.*

DECISION ON FACTS/ALLEGATION(S) AND REASONS

5. The Committee read the documents listed above and heard oral evidence from Mr Lago, who was questioned by Mr Kerruish-Jones and by the Committee.
6. Mr Lago had an unusual employment history. [PRIVATE]. In [PRIVATE] he started as [PRIVATE] on a self-employed basis but under the umbrella of a company which provided premises and facilities for [PRIVATE]. The Company was **Firm C** a limited liability partnership which had been formed the previous year. After a period of [PRIVATE], he was invited to become a partner in Firm C, which he did on 29 November 2013. He remained self-employed, [PRIVATE] Mr Lago's job title at Firm C was Director of Finance. He said that he was responsible for all finance related matters, from daily accounts reconciliations to managing banks and clearers. While he was there, Firm C entered into a joint venture arrangement with a number of other similar small trading floors across Europe, pooling resources and contacts and sharing income. This group of independent companies traded as **Firm B**. Firm C became unviable and was eventually dissolved on 6 June 2017.
7. Meanwhile in June 2016 Mr Lago had obtained employment with a small firm [PRIVATE] called **Firm D** and the following month he registered as an ACCA student. After about two years he started to seek positions in larger

accountancy firms. By this stage he was part-qualified at ACCA and had auditing experience. One of his applications was to Firm A where he was engaged as an [PRIVATE] from 17 April 2019.

Allegation 1(a): the CV

8. This allegation was admitted at the start of the case. Indeed, it had been admitted more than 18 months earlier when he returned the case management form.
9. The Committee found Allegation 1(a) **proved**.

Allegation 2(a) and (c): dishonesty/lack of integrity in relation to the CV

10. Mr Lago admitted lack of integrity (Allegation 2(c) with respect to Allegation 1(a)) but denied dishonesty (Allegation 2(a)).
11. Mr Lago told the Committee that he made a number of job applications and had several interviews at the relevant time but found that his CV was confusing interviewers. Giving his last job title as Finance Director led people to believe that his role was more senior and responsible than it really was. He considered that in reality he was acting as an accounts manager. While he took management decisions he did not have the degree of autonomy that one would expect of a director. So, he altered his CV to give his job title as Accounts Manager. He described his employer as Firm B because that was name under which the joint venture traded and was known. It had a website which included information about him. Firm C did not.
12. The reality was that (a) he was not employed but self-employed, (b) his contract was with Firm C and not Firm B, which was not a legal entity but a trading name (c) he did not receive a salary but commission which was paid by Firm C, and (d) his designated job title was Finance Director. When Firm A discovered this at the end of 2020 they considered that he had misled them. He was dismissed on 6 January 2021.
13. The Committee accepted Mr Lago's evidence. It found him to be straightforward and open in giving evidence, as he had been during the investigation. He frequently made concessions when appropriate and fully accepted mistakes

that he had made. The Committee bore in mind numerous testimonials which spoke of his good character both professionally and personally. This was not the typical case where a CV is altered to exaggerate the experience of the applicant. Mr Lago's motivation was the opposite. He felt that his true job title exaggerated the level of responsibility he had really had. He included in his CV a list of the duties he actually performed and there has been no suggestion that the list was inaccurate. The Committee accepted his evidence that he was proud of his achievements at Firm C/Firm B. He had no reason to conceal that employment.

14. With regard to the named employer, the Committee accepted that there was no dishonesty. From the public point of view his employer was Firm B although the true internal legal arrangement was that Firm C was the company with whom he had a contract and by whom he received remuneration.
15. The Committee considered that Mr Lago was correct to admit to a lack of integrity in submitting this CV. Particularly when applying for a post as an auditor, scrupulous accuracy was vital. However, the Committee was not satisfied on the balance of probabilities that he acted dishonestly. Although he obviously submitted his CV in order to secure the appointment, his motive was not to deceive but to express the practical reality of his time with Firm B.
16. The Committee found Allegation 2(a) **not proved**. The Committee found Allegation 2(c) **proved** in so far as it related to Allegation 1(a).

Allegation 1(b): the reference

17. After being accepted in principle for employment at Firm A, Mr Lago was asked to provide references. The request came in a 'Referee Request Form.' The introductory text included this:

Please complete this form to cover your past 5 years. ...

The first referee should be your current or most recent employer. For gaps in your employment history of periods of 3 months or longer, please provide a personal referee to cover you for this time. Where there is only one employer for the past 5 years we would appreciate the details of personal referee.

18. Mr Lago completed the form on 11 February 2019 with the details of two referees. The first covered the period from June 2016 to April 2018 and is not in issue. The second, the subject of this allegation, covered the period from February 2013 to April 2016. The person named was Person A whose job title was given as Risk Manager at a named company not relevant to this case. The form did not state that Person A represented Firm B or Firm C or was Mr Lago's employer and the email address given for him was obviously a personal one, being a Hotmail account.
19. Mr Lago said that he had known Person A for a long time. Originally they met when they were both [PRIVATE]. He named him as a personal referee because Firm C had long since ceased to exist and because relations between him and other joint venture partners in Firm B had deteriorated. Mr Lago felt that Person A was the person who knew him best, professionally over the relevant period. He submitted his name in reliance on the instruction quoted above. There was no provision in the form to specify whether a referee was an employer or a personal referee. Mr Lago had been self-employed in the relevant time period.
20. The Committee found that no express statement was made by Mr Lago that Person A was a former employer. The only possible indication of that was the fact that the period covered was the same as the period of Mr Lago's association with Firm B in his CV. However, the fact that he worked at a different company and gave a Hotmail address indicated that Person A was a personal referee.
21. Firm A assumed that the reference received from Person A was from (or on behalf of) a previous employer of Mr Lago. That assumption must have been based to a significant extent on the content of the reference which was given. This was in the form of answers to questions put to him. The questions were appropriate to an employer's reference. Mr Lago said that at the time he did not see the reference that Person A submitted and did not know what it contained. This was not challenged, and the Committee accepted Mr Lago's evidence. The content of the reference therefore did not assist the Committee in deciding what, if anything, Mr Lago purported his referee to be.
22. The Committee was not persuaded on the balance of probabilities that Mr Lago represented to Firm A that Person A's reference was a reference from Firm B

or from any other possible employer of Mr Lago.

23. The Committee found Allegation 1(b) **not proved**. Allegation 2(b) and Allegation 2(c) insofar as it related to Allegation 1(b) therefore fell away.

Misconduct

24. For an accountant (at that time a student accountant) to display a lack of integrity is always a serious matter. While this case was by no means at the higher end of the scale, the Committee accepted that it was sufficiently serious to amount to misconduct. Mr Lago was therefore liable to disciplinary action under Bye-law 8(a)(i).

SANCTION(S) AND REASONS

25. The Committee considered what sanction, if any, to impose in the light of its findings, having regard to ACCA's Guidance for Disciplinary Sanctions (2024). It first sought to identify mitigating and aggravating factors.
26. Mr Kerruish-Jones had been unable to identify any aggravating features, and the Committee agreed that there were none.
27. There was considerable mitigation. Mr Lago had shown exemplary insight into what he had done. At the time he submitted his CV he was still in training but subsequently he has become a full member and has practised as [PRIVATE] with Firm A. He fully accepted his responsibility for not being scrupulously accurate in his CV. He cooperated fully with the investigation and made appropriate admissions at an early stage. In the event, it has only been the admitted allegations that were found proved.
28. He has undertaken remediation. On being dismissed from Firm A he corrected the errors in his CV. He had taken an ethics update course in 2016 and re-took the Ethics and Professional Skills Module provided by ACCA in 2023, taking 8 hours to complete it. He produced the relevant certificates.
29. The Committee accepted that Mr Lago's remorse was genuine. He had an unblemished record with ACCA apart from this incident.
30. Mr Lago produced a large number of testimonials both professional and

personal which spoke highly of his professional qualities, integrity, and voluntary work in the community. The Committee accepted that this misconduct was a one-off event and out of character for him.

31. The Committee was satisfied that the finding of misconduct required a sanction. It considered the available sanctions in ascending order of seriousness by reference to ACCA's Guidance for Disciplinary Sanctions (2024).
32. For the sanction of Admonishment, although many of the suggested factors in the Guidance were present the Committee was satisfied that it was not sufficient to mark the seriousness of a failure to act with Integrity.
33. The same applied to the sanction of reprimand. The Guidance says that 'This sanction would usually be applied in situations where the conduct is of a minor nature and there appears to be no continuing risk to the public.' While the Committee did not consider that there was a continuing risk, the misconduct in this case could not be considered as being of a minor nature.
34. The table in section F of the Guidance puts failing to act with integrity into the 'very serious' category. The Committee considered that in this unusual case this was not justified. The misconduct should be seen as 'serious' rather than 'very serious.' Most cases of lack of integrity are worse than this. In particular the Committee found that Mr Lago did not intend to mislead. He believed he was doing the opposite.
35. The Committee next considered the sanction of severe reprimand. The Guidance says that 'This sanction would usually be applied in situations where the conduct is of a serious nature but there are particular circumstances of the case or mitigation advanced which satisfy the Committee that there is no continuing risk to the public, and there is evidence of the individual's understanding and appreciation of the conduct found proved.' That describes this case well. Most, if not all, the factors listed were present. The Committee determined that a severe reprimand was the appropriate sanction, and that removal would be disproportionate. Mr Lago potentially has much to contribute to the profession.

COSTS AND REASONS

36. Mr Kerruish-Jones applied for costs totalling £9,945.50. The Committee was satisfied that, in principle, ACCA was entitled to a contribution to its costs.
37. As to the amount to be awarded, the Committee took into account Mr Lago's early admissions. One reason for making early admissions is to reduce the overall costs and they would have had that effect if his position had been accepted. The admissions were made at the start of the investigation in response to the first letter from ACCA dated 2 June 2021. The admissions were made formally at the first opportunity in the case management form Mr Lago signed on 13 February 2023. No other matters were proved against Mr Lago. Had ACCA accepted his position the hearing would certainly not have taken two days, and the preparation time would have been greatly reduced. The Committee decided to award £3,000.
38. The Committee took into account Mr Lago's statement of means and was satisfied that the order for costs would not cause him undue hardship.

EFFECTIVE DATE OF ORDER

39. This order will take effect on the expiry of the time allowed for appeal, as usual.

ORDER

40. The Committee ordered as follows:
- (a) Mr Federico Lago shall be severely reprimanded;
 - (b) Mr Lago shall make a contribution to ACCA's costs of £3,000.

Ms Kathryn Douglas
Chair
20 November 2024