

APPLICATION ON PAPERS

CONSENT ORDER COMMITTEE OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of: Mr James Stephens

Heard on: Monday, 10 March 2025

Location: Remotely via Microsoft Teams

Chair: Mr Tom Hayhoe

Legal adviser: Mr Alastair McFarlane

Outcome: Consent Order approved

DOCUMENTS BEFORE THE COMMITTEE

1. The Committee received a Bundle of Papers, numbered pages 1-60, a Costs Spreadsheet of 3 pages and a Service Bundle numbered pages 1 to 10.

ALLEGATIONS

1. Mr James Stephens admits the following:
 - a. Between November 2018 and August 2024, failed on behalf of Company A to comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“MLRs”), namely:
 - i. Regulation 18 (Firm-wide risk assessment by relevant persons) and

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- ii. Regulation 19 (Policies, controls and procedures)
 - b. By reason of the conduct set out at allegation a, Mr James Stephens failed to comply with the Fundamental Principle of Professional Behaviour and Section B2 of ACCA's Code of Ethics and Conduct (Anti-money Laundering) (as applicable in 2018 to 2024).
 - c. By reason of the conduct in respect of the matters set out at allegations a. and b. above, Mr Stephens is guilty of misconduct pursuant to byelaw 8(a)(i).
2. That Mr Stephens shall be severely reprimanded and shall pay a fine in the sum of £5,000 and shall pay costs to ACCA in the sum of £2,005.

BACKGROUND

2. Mr Stephens became a Member of ACCA on 17 September 2002 and a Fellow of ACCA on 17 September 2007.
3. Mr Stephens holds an ACCA practising certificate and held a practising certificate from 09 April 2009 until 31 December 2017 and again from 14 November 2018.
4. Mr Stephens is the Principal of and Money Laundering Reporting Officer (MLRO) for Company A (the "Firm").
5. ACCA supervised firms are required to monitor and manage their own compliance with the MLRs 2017 and make sure they are familiar with the requirements of the MLRs to ensure continuing compliance. The MLRs 2017 require firms to have in place anti-money laundering ("AML") systems and controls that meet the requirements of the UK anti-money laundering regime.
6. On 07 October 2024, a desk-based monitoring review of the Firm was carried out by ACCA's AML team in order to monitor its compliance with the MLRs for 2017.
7. During the AML monitoring review, the Firm displayed poor AML controls. The following AML controls were tested and found to be non-compliant as follows:

- i. Regulation 18 - Risk assessment by relevant persons: Firm-wide risk assessment and
 - ii. Regulation 19 - Policies, controls and procedures: AML policy and procedures, Escalation/Internal SAR
8. The evidence revealed the Firm was not compliant with regulations 18 and 19 of the MLRs between November 2018 and August 2024. Mr Stephens acted contrary to the Fundamental Principle of Professional Behaviour, which requires members to comply with relevant laws and regulations and avoid any conduct that the professional accountant knows or should know may discredit the profession.
9. On 07 October 2024, the AML Report was sent to Mr Stephens.
10. Mr Stephens was subsequently referred to the Regulation and Conduct Department for investigation. On 04 December 2024, the complaint was put to Mr Stephens and he responded in a letter dated 18 December 2024.
11. On 09 January 2025, ACCA proposed that the matter be disposed of via consent order.

COMMITTEE'S DECISION

12. Under Regulation 8(8) of the Complaints and Disciplinary Regulations 2014, I must determine whether, based on the evidence before it, the draft consent order should be approved or rejected. I had regard to the Consent Orders Guidance.
13. I noted that under Regulation 8(12) I shall only reject the signed consent order if I am of the view that the admitted breaches would, more likely than not, result in exclusion from membership.
14. I agree that an investigation of an appropriate level was conducted by ACCA.
15. I note that Mr Stephens has admitted all allegations including misconduct.

16. I agree that there is a case to answer and that there is a real prospect that a reasonable tribunal would find the allegations proved.
17. I have considered the seriousness of the breaches as set out 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. I have balanced this against Mr Stephens's interests, and his mitigation and personal circumstances (which were also accepted by ACCA). I note that Mr Stephens has no disciplinary history and has been an ACCA member in continuous good standing since he joined in 2002.
18. I do not and do not accept the list of aggravating and mitigating factors advanced at paragraphs 9 and 10 of the draft Consent Order bundle. Whilst the failures were serious, I note and accept ACCA's position that Mr Stephens's misconduct was not deliberate or dishonest, that there is no evidence of harm and no evidence of any money laundering having been enabled. I also note that Mr Stephens has fully cooperated with the investigation, taken remedial action and made early admissions and expressed genuine remorse. I considered that the behaviour was unlikely to be repeated and that there was little continuing risk to the public.
19. I have had regard to ACCA's Guidance for Disciplinary Sanctions. I am satisfied that there was early and genuine acceptance of the conduct and that the risk to the public and profession from Mr Stephens continuing as a member is low.
20. For the reasons set out above, I am satisfied that the admitted breaches would be unlikely to result in exclusion from membership, and therefore there is no basis for me to reject the consent order under Regulation 8(12). I note the proposed consent order, and considering all the information before it, am satisfied that a severe reprimand accompanied by a fine of £5,000 is an appropriate and proportionate disposal of this case.
21. I am further satisfied to award ACCA's costs in the sum of £2,005 which I find to be a reasonable and proportionate amount for the work undertaken.

ORDER

22. The Committee, pursuant to its powers under Regulation 8, made an Order in terms of the draft Consent Order, namely that Mr Stephens be severely reprimanded, with a fine of £5,000. In addition, Mr Stephens is to pay ACCA's costs of £2,005

Mr Tom Hayhoe
Chair
10 March 2025