

Recent Enforcement sanctions imposed against individual Accountants and Actuaries

[NB: the dates referred to relate to: (1) when a settlement was approved by the Tribunal Chair (in Scheme cases); (2) when a Tribunal Report was signed (in cases which are determined by the Tribunal); or (3) when the Final Decision Notice was served (in AEP cases)]

Date	1 February 2019
Member (Role)	Douglas Morgan (former Director)
Company	Equity Syndicate Management Limited
Sanction(s) / costs imposed	Exclusion as a member of CIMA for 2 years.
Summary of Misconduct / breach of Relevant Requirement	Mr. Morgan’s Misconduct arose from claims file reviews carried out within the business, and under his direction, and which involved claims reserves held by the Syndicate being reduced to meet a pre-determined target. The Tribunal found that the reviews were ‘wholly improper’ and further that Mr. Morgan had failed to ensure that proper records were made, or that the reviews were properly disclosed to the Board, the Syndicate’s external Actuary or the auditors.
Useful link(s)	Press Notice – Disciplinary Tribunal Outcome

Date	26 July 2018
Member (Role)	<p>(1) John Shannon (former Chief Executive Officer)</p> <p>(2) Raymond “Frank” Flynn (former Chief Financial Officer)</p> <p>(3) Matthew Boyle (former Financial Controller)</p>
Company	AssetCo plc
Sanction(s) / costs imposed	<p>John Shannon:</p> <p>(1) Exclusion as a member of CAI for a recommended period of 16 years;</p> <p>(2) Fine of £250,000;</p> <p>(3) A contribution to Executive Counsel’s costs of £300,000.</p> <p>Raymond “Frank” Flynn:</p> <p>(1) Exclusion as a member of CAI for a recommended period of 14 years;</p> <p>(2) Fine of £150,000;</p> <p>(3) A contribution to Executive Counsel’s costs of £50,000.</p> <p>Matthew Boyle:</p> <p>(1) Exclusion as a member of CAI for a recommended period of 12 years;</p> <p>(2) Fine of £100,000;</p> <p>(3) A contribution to Executive Counsel’s costs of £150,000.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>John Shannon, Raymond Flynn and Matthew Boyle have all received exclusions and financial penalties after a Disciplinary Tribunal found they had committed Misconduct in relation to the preparation and approval of AssetCo plc’s financial statements for the financial years ended 31 March 2009 and 31 March 2010.</p> <p>AssetCo was an AIM-listed fire and rescue services business that provided fire engines to the London Fire Brigade. As a result of the Misconduct, AssetCo substantially restated its financial statements in 2011 (£146m reduction in assets, £25m reduction in profit) and significant loss was caused by the collapse in share price from 60p to 1.75p. The dishonest conduct of management was concealed.</p> <p>The FRC’s Executive Counsel brought a total of 27 allegations of Misconduct against Mr Shannon, Mr Flynn and Mr Boyle before the Tribunal. The Tribunal, chaired by Sir Bernard Eder, made findings of misconduct in relation to all of them. These included findings of dishonesty and failing to act in accordance with core standards of</p>

	<p>integrity, objectivity and competence, which related to dealing with company funds, the preparation of financial statements, and the recognition of fictitious assets and revenue. The Tribunal also found that they had each misled the auditors, Grant Thornton UK LLP.</p>
Useful link(s)	<p>Press Notice</p> <p>Tribunal Report</p>

Date	17 May 2018
Member (Role)	Russell Sinclair McBurnie (Former Finance Director)
Company	RSM Tenon Group plc (“RSM Tenon”)
Sanction(s) / costs imposed	<p>(1) Exclusion as a member of the ICAEW for a recommended period of 5 years;</p> <p>(2) Fine of £60,000 reduced to £57,000 after taking into account financial resources, adjusted for mitigating factors and discounted for settlement; and</p> <p>(3) £825,000 to be paid as a contribution to Executive Counsel’s costs.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Mr McBurnie was the Finance Director and a member of the board of RSM Tenon.</p> <p>The misconduct, which Mr McBurnie has admitted, relates to his conduct in relation to the preparation and approval of the financial statements of RSM Tenon for the financial year ended 30 June 2011. Mr McBurnie’s conduct fell significantly short in the following areas: the accrual of bonus payments; certain aspects in relation to the recognition of Work in Progress and amounts recoverable on contracts; the recognition of prepaid fees for the purpose of obtaining IVA appointments; Economcom leases; the assessment of the impairment of goodwill; and the preparation of the financial statements on a going concern basis. His admitted misconduct involved, inter alia, a failure to act or conduct business with integrity.</p>
Useful link(s)	Press Notice- Settlement

Date	1 December 2017
Member (Role)	Kevin Silverwood (Financial Management Controller)
Company	Tech Data Limited (“Tech Data”)
Sanction(s) / costs imposed	<p>(1) Exclusion as a member of ICAEW for a recommended period of 5 years, reduced to 4 years for mitigating factors;</p> <p>(2) Fine of £50,000 reduced to £11,250 after taking into account financial resources, adjusted for mitigating factors and discounted for settlement.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Kevin Silverwood held the position of Financial Management Controller of Tech Data for 18 months between August 2011 and February 2013, for the financial years ended 31 January 2012 and 31 January 2013.</p> <p>Mr Silverwood admitted six allegations that his conduct fell significantly short of the standards reasonably to be expected of a member of the ICAEW. Mr Silverwood breached the ICAEW’s Fundamental Principle of Integrity, which required him to be straightforward and honest in all professional and business relationships and not to be knowingly associated with information that he knew to be false or misleading.</p>
Useful link(s)	<p>Press Notice- Settlement</p> <p>Particulars of Fact and Acts of Misconduct</p> <p>Settlement Agreement</p>

Date	27 June 2017
Member (Role)	Philip John James (Finance Director)
Company	Tech Data Limited (“Tech Data”)
Sanction(s) / costs imposed	<p>(4) Exclusion as a member of ACCA for a recommended period of 10 years;</p> <p>(5) Fine of £100,000 reduced to £35,625 after taking into account financial resources, adjusted for mitigating factors and discounted for settlement.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Mr James was the Finance Director of Tech Data from 19 January 2007 to 20 March 2013.</p> <p>Mr James admitted 12 allegations that his conduct fell significantly short of the standards reasonably to be expected of a member of ACCA. Mr James breached the ACCA’s Fundamental Principle of Integrity, which required him to be straightforward and honest in all professional and business relationships and not to be knowingly associated with information that he knew to be false or misleading.</p>
Useful link(s)	Press Notice- Settlement

Date	18 May 2017
Member (Role)	James Rakow (Actuary - Associate Partner; Deloitte)
Company	Equity Syndicate Management Limited (“ESML”)
Sanction(s) / costs imposed	<p>(1) A Severe Reprimand;</p> <p>(2) Fine of £100,000 reduced to £75,200 adjusted for mitigating factors and discounted for settlement.</p> <p>(3) £400,000 to be paid as a contribution to Executive Counsel’s costs</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Mr James Rakow, an associate partner with Deloitte LLP, provided actuarial services to ESML and Syndicate 218 in respect of the financial years ending 31 December 2007, 2008, and 2009.</p> <p>Mr Rakow, who is a member of the Institute and Faculty of Actuaries (IFoA), admitted misconduct in relation to the 2008 and 2009 years. His conduct fell significantly short of the standards reasonably to be expected of a member of the IFoA. As a result of his admitted failings, he was not in a position to sign, and therefore ought not to have signed, the 2008 and 2009 Statements of Actuarial Opinion in relation to Syndicate 218. There was no finding of any misconduct in relation to the 2007 year.</p>
Useful link(s)	<p>Press Notice – Settlement</p> <p>Settlement Agreement</p>

Date	15 January 2017
Member (Role)	Rory O'Connor (Chief Financial Officer)
Company	RSA Insurance Ireland Limited ("RSAIL")
Sanction(s) / costs imposed	<p>(1) Exclusion as a member of CIMA for a recommended period of 3 years;</p> <p>(2) Fine of £50,000 reduced to £35,000 after taking into account mitigating factors and discounted for settlement;</p> <p>(3) £18,000 to be paid as a contribution to Executive Counsel's costs.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Mr O'Connor was the Chief Financial Officer of RSAIL between November 2010 and December 2013.</p> <p>Mr O'Connor admitted that his conduct fell significantly short of the standards reasonably to be expected of a Member of CIMA, by among other things breaching the Fundamental Principles of Integrity and Objectivity when he approved materially inaccurate financial statements of RSAIL for the financial years ended 31 December 2010 to 31 December 2012 (inclusive).</p>
Useful link(s)	<p>Press Notice – Settlement</p> <p>Particulars of Fact and Acts of Misconduct</p> <p>Settlement Agreement</p>

Date	13 January 2017
Member (Role)	Martin Ryan (Chief Actuary)
Company	RSA Insurance Ireland Limited (“RSAIL”)
Sanction(s) / costs imposed	<p>(1) An Order that Mr Ryan be ineligible for 3 years for an IFoA practising certificate;</p> <p>(2) A condition that for 3 years Mr Ryan shall not act as a Signing Actuary or undertake certain roles in The Republic of Ireland (including Pre-Approval Controlled Functions and certain Controlled Functions);</p> <p>(3) Fine of £145,000 reduced to £101,500 after taking into account mitigating factors and discounted for settlement; and</p> <p>(4) £11,000 to be paid as a contribution to Executive Counsel’s costs.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Mr Ryan was RSAIL’s Chief Actuary from September 2011. Mr Ryan was RSAIL’s Signing Actuary for the Statement of Actuarial Opinion for the years ended 31 December 2009 to 31 December 2012 (inclusive).</p> <p>Mr Ryan admitted that his conduct fell significantly short of the standards reasonably to be expected of a Member of the IFoA, by among other things during the financial years ended 31 December 2009 to 31 December 2012 (inclusive) breaching the core principles of Competence and Care, and Compliance when he signed inaccurate Statements of Actuarial Opinion and submitted them to the Central Bank of Ireland (or Financial Services Regulatory Authority).</p>
Useful link(s)	<p>Press Notice – Settlement</p> <p>Particulars of Fact and Acts of Misconduct</p> <p>Settlement Agreement</p>

Date	11 January 2017
Member (Role)	Gerard Bradley (Actuary)
Company	RSA Insurance Ireland Limited (“RSAIL”)
Sanction(s) / costs imposed	<p>(1) A Reprimand;</p> <p>(2) Fine of £70,000 reduced to £45,500 after taking into account mitigating factors and discounted for settlement;</p> <p>(3) £3,500 to be paid as a contribution to Executive Counsel’s costs.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Mr Bradley was Director of Actuarial and Pricing at RSAIL.</p> <p>Mr Bradley admitted that his conduct fell significantly short of the standards reasonably to be expected of a Member of the IFoA, in that during 2009 and 2010 he breached the Core Principle of Compliance by his failure to whistle-blow and/or provide sufficient challenge regarding the operation of an inappropriate claims reserving practice within RSAIL.</p>
Useful link(s)	<p>Press Notice – Settlement</p> <p>Particulars of Fact and Acts of Misconduct</p> <p>Settlement Agreement</p>

Date	28 October 2016
Member (Role)	Andrew Raynor (Chief Executive Officer)
Company	RSM Tenon Group plc (“RSM Tenon”)
Sanction(s) / costs imposed	<p>(1) A Reprimand;</p> <p>(2) Fine of £40,000 reduced to £26,500 after taking into account mitigating factors and discounted for settlement; and</p> <p>(3) £50,000 to be paid as a contribution to Executive Counsel’s costs.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Mr Raynor was Chief Executive Officer of RSM Tenon.</p> <p>Mr Raynor admitted that his conduct fell significantly short of the standards reasonably to be expected of a member of the ICAEW in relation to the approval of the financial statements of RSM Tenon and that he failed to act in accordance with the fundamental principle of professional competence and due care contained in the Code. Mr Raynor admitted that he failed to obtain the necessary level of assurance required of a Member, in relation to the accounting treatment of bonus accruals and a lease, to sign off on the financial statements of RSM Tenon on the basis that they were in accordance with applicable accounting standards and represented a true and fair view of the state of affairs of the company.</p>
Useful link(s)	Press Notice – Settlement

Date	17 October 2016
Member (Role)	John Anthony Mehigan (Trustee Director)
Company	The Cup Trust
Sanction(s) / costs imposed	<p>(1) Exclusion as a member of the ICAEW for a recommended period of 10 years;</p> <p>(2) A fine of £70,000;</p> <p>(3) £80,000 to be paid as a contribution to Executive Counsel's costs.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Mr Mehigan was a director of Mountstar (PTC) Ltd, the corporate trustee of the Cup Trust (a UK registered charity).</p> <p>The misconduct relates to:</p> <p>(1) The operation of a UK registered charity. Between January and November 2010 the Cup Trust participated in a tax avoidance scheme utilising Gift Aid relief; and</p> <p>(2) The approval of the financial statements of the Cup Trust for the years ended 31 March 2010 and 31 March 2011.</p> <p>Mr Mehigan admitted that his conduct fell significantly short of the standards to be expected of members of the ICAEW and amounted to breaches of the ICAEW's Fundamental Principles of Objectivity and Professional Competence and Due Care.</p>
Useful link(s)	<p>Press Notice – Settlement</p> <p>Settlement Agreement</p> <p>Particulars of Fact and Acts of Misconduct</p>

Date	15 July 2016
Member (Role)	Barry Tootell (Chief Executive Officer)
Company	Co-operative Bank plc
Sanction(s) / costs imposed	<p>(4) Exclusion as a member of the ICAEW for a recommended period of 6 years;</p> <p>(5) £20,000 to be paid as a contribution to Executive Counsel's costs.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Mr Tootell was the Chief Financial Officer and Chief Executive Officer at Co-op Bank.</p> <p>The Misconduct admitted arises out of Adverse Findings made by the Prudential Regulation Authority (PRA) in respect of Mr Tootell's responsibilities as an approved person, the details of which are set out in the PRA's Final Notice of 14 January 2016. These findings are conclusive evidence of Misconduct under the FRC's independent Accountancy Scheme.</p> <p>During the period between 1 January 2009 and 10 May 2013, Mr Tootell breached Statement of Principle 6 of the Statements of Principle and Code of Practice for Approved Persons, which provides that an approved person performing an accountable function must exercise due skill, care and diligence in managing the firm for which he is responsible in his accountable function. Also between 22 July 2009 and 10 May 2013, Mr Tootell was knowingly concerned in the contravention by Co-op Bank of Principle 3 of the Principles of Business, in that it failed to take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.</p>
Useful link(s)	<p>Press Notice – Settlement</p> <p>Settlement Agreement</p>

Date	8 July 2016
Member (Role)	Stephen Hill (Finance Director)
Company	Connaught plc
Sanction(s) / costs imposed	<p>(1) Exclusion as a member of the ICAEW for a recommended period of 5 years; and</p> <p>(2) £133,397 towards Executive Counsel's costs.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>The disciplinary case relates to Mr Hill's conduct regarding his role in relation to the incorrect accounting of a £4 million short-term loan in Connaught's 2010 interim financial statements.</p> <p>The short-term loan was made by the CEO of Connaught shortly before the 28 February half-year end, and substantially repaid between 15 March and 29 April 2010. The £4 million was not accounted for as a loan, but as operating cash-flow in Connaught's interim financial statements, which were issued on 27 April 2010. The interim statements were therefore materially misleading in that cash flows from operating activities were overstated by £4 million and net cash generated from financing activities was understated by £4 million.</p> <p>This materially increased Connaught's cash conversion rate. But for the loan, the Group would have fallen somewhere between 6 and 11% short of their 70% cash conversion target. This ratio was one of a number of key measures used by analysts and one upon which investors rely – and a figure that was especially important to Connaught at the beginning of 2010.</p> <p>In addition, the loan was not disclosed to the Audit Committee or the auditors; neither was it disclosed as a related party transaction, as it should have been.</p> <p>Mr Hill admitted that his conduct was sufficiently reckless to have amounted to acting with a lack of integrity.</p>
Useful link(s)	<p>Press Notice – Settlement</p> <p>Settlement Agreement</p> <p>Formal Complaint</p>

Date	8 July 2016
Member (Role)	David Wells (Deputy Financial Director)
Company	Connaught plc
Sanction(s) / costs imposed	<p>(1) Exclusion as a member of the ICAEW for a recommended period of 3 years;</p> <p>(2) £125,198 towards Executive Counsel's costs.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>The disciplinary case relates to Mr Wells' conduct regarding his role in relation to the incorrect accounting of a £4 million short-term loan in Connaught's 2010 interim financial statements.</p> <p>The short-term loan was made by the CEO of Connaught shortly before the 28 February half-year end, and substantially repaid between 15 March and 29 April 2010. The £4 million was not accounted for as a loan, but as operating cash-flow in Connaught's interim financial statements, which were issued on 27 April 2010. The interim statements were therefore materially misleading in that cash flows from operating activities were overstated by £4 million and net cash generated from financing activities was understated by £4 million.</p> <p>This materially increased Connaught's cash conversion rate. But for the loan, the Group would have fallen somewhere between 6 and 11% short of their 70% cash conversion target. This ratio was one of a number of key measures used by analysts and one upon which investors rely – and a figure that was especially important to Connaught at the beginning of 2010.</p> <p>In addition, the loan was not disclosed to the Audit Committee or the auditors; neither was it disclosed as a related party transaction, as it should have been.</p> <p>Mr Wells has admitted that he failed to act in accordance with the ICAEW's fundamental principles of objectivity and 'professional competence and due care'.</p>
Useful link(s)	<p>Press Notice – Settlement</p> <p>Settlement Agreement</p> <p>Formal Complaint</p>

Date	9 December 2015
Member (Role)	John Whelan (European Financial Director/Group Finance Director)
Company	iSoft Group plc (“iSoft”)
Sanction(s) / costs imposed	Exclusion as a member of the ICAEW for a recommended period of 8 years.
Summary of Misconduct / breach of Relevant Requirement	<p>Mr Whelan admitted that his conduct fell significantly short of the standards to be expected of a Member and breached the Fundamental Principle of Integrity in that he:</p> <ul style="list-style-type: none"> • Recklessly caused or permitted iSoft to recognise £22 million of revenue from an unsigned contract with the Irish South Eastern Health Board in its group interim accounts for the period ended 31 October 2003, when there was no legitimate basis for such recognition; • Recklessly caused or permitted iSoft to recognise £16.9 million of cash in its group interim accounts for the period ended 31 October 2003, when there was no legitimate basis for such recognition; • Recklessly caused or permitted iSoft to recognise the Irish revenue in its financial statements for the period ended 30 April 2004, when there was no legitimate basis for such recognition; • Recklessly caused or permitted the continued recognition of the Irish revenue in the iSoft group interim accounts for the period ended 31 October 2004, when there had been no legitimate basis for such earlier recognition; and • Recklessly caused or permitted iSoft to recognise £17.08 million of cash in its group interim accounts for the period ended 31 October 2004, when there was no legitimate basis for such recognition.
Useful link(s)	<p>Press Notice – Settlement</p> <p>Settlement Agreement</p> <p>Formal Complaint</p>

Date	2 December 2015
Member (Role)	Timothy Whiston (Finance Director/Chief Executive Officer)
Company	iSoft Group plc (“iSoft”)
Sanction(s) / costs imposed	<p>(1) Exclusion as a member of the ICAEW for a recommended period of 8 years;</p> <p>(2) £50,000 to be paid as a contribution to Executive Counsel’s costs.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Mr Whiston admitted that his conduct fell significantly short of the standards to be expected of a Member and breached the Fundamental Principle of Integrity in that he:</p> <ul style="list-style-type: none"> • Recklessly caused or permitted iSoft to recognise £22 million of revenue from an unsigned contract with the Irish South Eastern Health Board in its group interim accounts for the period ended 31 October 2003, when there was no legitimate basis for such recognition; • Recklessly caused or permitted iSoft to recognise £16.9 million of cash in its group interim accounts for the period ended 31 October 2003, when there was no legitimate basis for such recognition; • Recklessly caused or permitted iSoft to recognise the Irish revenue in its financial statements for the period ended 30 April 2004, when there was no legitimate basis for such recognition; • Recklessly caused or permitted the continued recognition of the Irish revenue in the iSoft group interim accounts for the period ended 31 October 2004, when there had been no legitimate basis for such earlier recognition; and • Recklessly caused or permitted iSoft to recognise £17.08 million of cash in its group interim accounts for the period ended 31 October 2004, when there was no legitimate basis for such recognition.
Useful link(s)	<p>Press Notice – Settlement</p> <p>Settlement Agreement</p> <p>Formal Complaint</p>

Date	10 July 2015
Member (Role)	Mark Woodbridge (Group Financial Accountant)
Company	Torex Retail plc
Sanction(s) / costs imposed	Exclusion as a member of ACCA for a recommended period of 10 years.
Summary of Misconduct / breach of Relevant Requirement	The Tribunal found that Mr Woodbridge's conduct fell significantly short of the standards reasonably to be expected of a Member and has brought discredit to him and to the accountancy profession, in that he has been convicted by Oxford Crown Court of the criminal offences of false accounting and conspiracy to defraud. The convictions relate to the interim financial statement for Torex Retail plc, of which Mr. Woodbridge was the Group Financial Accountant, for the period ended 30 June 2006.
Useful link(s)	Press Notice Tribunal Report

Date	7 July 2015
Member (Role)	Diane Jarvis (Chief Financial Officer)
Company	Healthcare Locums plc (“HCL”)
Sanction(s) / costs imposed	<p>(1) Exclusion as a member of ICAEW for a recommended period of 10 years;</p> <p>(2) £25,000 to be paid as a contribution to Executive Counsel's costs.</p>
Summary of Misconduct / breach of Relevant Requirement	<p>Ms Jarvis was the Chief Financial Officer of HCL between 2005 and March 2011.</p> <p>Ms Jarvis admitted that her conduct fell significantly short of the standards to be expected of a Member in that in her role as Chief Financial Officer of HCL during the course of 2010 and early 2011 she breached the Fundamental Principle of Integrity, by dishonestly manipulating HCL's management accounts to increase its apparent profitability. The management accounts were presented by Ms Jarvis to external third parties as an accurate representation of HCL's performance.</p>
Useful link(s)	<p>Press Notice</p> <p>Settlement Agreement</p> <p>Particulars of Fact and Acts of Misconduct</p>