

## HEARING

### DISCIPLINARY COMMITTEE OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

#### REASONS FOR DECISION

**In the matter of:** Mr Teddy Nazim

**Heard on:** 12 & 13 July 2023, 12,13 & 14 February 2024, 10, 12, 23, 24  
& 25 September 2024

**Location:** Remotely by MS Teams

**Committee:** Ms Carolyn Tetlow (Chair)  
Ms Jo Royden-Turner (Accountant)  
Ms Jackie Alexander (Lay)

**Legal Adviser:** Ms Tope Adeyemi (12 & 13 July 2023)  
Mr Alastair McFarlane (12, 13 & 14 February 2024)  
Ms Margaret Obi (10 September 2024)  
Mr Robin Harvard (12 September 2024)  
Mr Alastair McFarlane (23, 24 & 25 September 2024)

#### Persons present

**and capacity:** Mr Teddy Nazim (Member)  
Mr Benjamin Jowett (ACCA Case Presenter) (12 & 13 July  
2023, 12, 13 & 14 February 2024)  
Mr Ryan Ross (ACCA Case Presenter) (10,12, 23, 24 & 25  
September 2024)  
Ms Anna Packowska (Hearings Officer)

#### ACCA



+44 (0)20 7059 5000



info@accaglobal.com



[www.accaglobal.com](http://www.accaglobal.com)



The Adelphi 1/11 John Adam Street London WC2N 6AU United Kingdom

**Outcome: Exclusion from membership and Mr Nazim to pay ACCA's costs in the sum of £40,000**

1. This case was heard over 10 days between July 2023 and September 2024. ACCA was represented by Mr Jowett and then Mr Ross. Mr Nazim attended but was not represented.
  
2. The Committee had before it the following documentation:
  1. Main bundle - 442 pages
  2. Supplementary bundle - 87 pages
  3. Anti Money Laundering ("AML") report - 11 pages
  4. Case Management Form - 20 pages
  5. Correspondence bundle - 5 pages
  6. Tabled additional 1 - 4 pages (metadata)
  7. Tabled additional 2 - 3 pages
  8. Transcript from 12 July 2023 - 61 pages
  9. Transcript from 13 July 2023 - 97 pages
  10. Service bundle from July 2023 hearing – 15 pages
  11. Bundle of 26 documents (documents emailed to ACCA by Mr Nazim on 10 July 2023)
  12. Tabled additional 3 – 27 pages
  13. Tabled additional 4 – 90 pages
  14. Tabled additional 5 – 6 pages
  15. Service bundle from February 24 hearing – 5 pages
  16. Mr Petrucci's notes from Interview with Mr Nazim 4 December 2020 – 2 pages
  17. Audio recording of Mr Petrucci's Interview with Mr Nazim 4 December 2020
  18. Transcript from 12 February 24 – 85 pages
  19. Transcript from 13 February 24 – 59 pages
  20. Transcript from 14 February 24 – 71 pages
  21. Transcript of Mr Petrucci's Interview with Mr Nazim 4 December 2020 – 20 pages

22. Case Management Meeting 25 March 2024 – correspondence bundle – 8 pages
23. Case Management Meeting 25 March 2024 – decision – 7 pages
24. Correspondence bundle March 2024 – 10 pages
25. Email from Mr Nazim 14 March 2024 – 1 page
26. No case to answer application by Mr Nazim 07 March 2024 – 178 pages
27. ACCA Submissions for further directions re no case to answer application – 3 pages
28. Further correspondence bundle re September hearing dates – 12 pages
29. CPR Rule 3.4 submitted by Mr Nazim – 3 pages
30. ACCA Annual Report 2022/3 re AML Supervision – 24 pages
31. Britain Accountants Ltd Independent Assessment & Report of AML Procedures 10 January 2019 – 3 pages
32. Transcript from 10 September 2024 – 81 pages
33. Transcript from 12 September 2024 – 70 pages
34. Letter from Mr Nazim's solicitors re court attendance 25 September 2024 – 1 page

## **ALLEGATIONS**

1. **Mr Teddy Nazim, a member of the Association of Chartered Certified Accountants ('ACCA')**
  - a. **On dates between 26 June 2017 and 5 January 2021 failed on behalf of his firm to comply with, or to demonstrate compliance with, the requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, namely:**
    - (i) **Regulation 18 (Risk assessment by relevant persons)**
    - (ii) **Regulation 19 (Policies, controls and procedures)**
    - (iii) **Regulation 21 (Internal controls)**

- (iv) Regulation 24 (Training)**
- (v) Regulations 27 to 32 (Customer due diligence: general)**
- (vi) Regulation 33-36 (Enhanced customer due diligence)**
- (vii) Regulation 40 (Record-keeping)**
- (viii) Regulation 56 (Requirement to be registered)**

**b. The conduct described at Allegation 1(a) was contrary to Section B2 (Anti-Money Laundering) of ACCA's Code of Ethics and Conduct (as applicable from 2017 to 2021).**

**c. On dates between 10 September 2020 and 5 January 2021 failed to supply ACCA with all the information necessary to enable it to complete its monitoring process efficiently, contrary to Regulation 14(2) and/or 15 of ACCA's Global Practising Regulations (as applicable from 2020 to 2021), in that he:**

- i. did not supply one or more requested documents in his responses to ACCA requests;**
- ii. did not supply original format copies of one or more-word documents in his responses to ACCA requests;**
- iii. did not promptly provide availability for a telephone interview as requested.**

**d. The conduct described at Allegation 1(c) demonstrates acting with a lack of integrity.**

**2. By reason of his conduct, Mr Teddy Nazim is:**

- a. guilty of misconduct pursuant to bye-law 8(a)(i) in respect of any or all of the matters set out at 1(a) to (d); or, in the alternative**
- b. liable to disciplinary action pursuant to bye-law 8(a)(iii) in respect of allegations 1(b) and (c).**

## **PRELIMINARY MATTERS (Determined on 12 and 13 July 2023)**

### **Submission of documents by Mr Nazim**

3. Mr Nazim sent ACCA by email on 10 July 2023 (2 days prior to the start of the hearing), 26 separate documents which he stated formed part of his defence. He maintained that these had already been sent to ACCA prior to this date, by virtue of links to folders that he had provided to ACCA in February 2023. The Committee was asked to consider as a preliminary point whether the documents could be admitted into evidence.
4. Regulation 10(4) of the Chartered Certified Accountants' Complaints and Disciplinary Regulations 2014 ("CDRs") provides that documents submitted less than 21 days prior to the hearing will only be considered by the Disciplinary Committee in:  
  
*"exceptional circumstances having regard to the public interest, any prejudice to the Association, and the overall interests of justice."*
5. The Committee noted that when asked whether the 26 documents emailed on 10 July 2023 were included in links sent by email to ACCA on 15 February 2023, Mr Nazim responded by stating "100%". It also noted that ACCA accepted that it could not be certain whether or not this was correct, and that it was a matter for the Committee whether or not any new documents should be admitted. The reason ACCA could not be certain was that the documents had been submitted on Monday, two days prior to this hearing, and ACCA had not had the opportunity to review them and determine to what extent the documents had already been sent to ACCA previously.
6. The Committee was content to accept Mr Nazim's assertion that the 26 documents sought to be adduced were part of the documents that he had already provided to ACCA in February 2023, via Google drive links sent by email. On this basis, the Committee accepted that the documents were not, in fact, new evidence but had already been submitted in February 2023. However,

to the extent that any of the 26 documents were new, the Committee agreed to accept them in the interests of justice.

### **Admissibility of Mr Petrucci's evidence**

7. ACCA sought to rely on the evidence of Mr Petrucci, a Senior Supervision Officer within ACCA's Anti Money Laundering ("AML") Team. Mr Petrucci had provided a statement concerning the circumstances of the AML Review of Mr Nazim's firm which took place in 2020, and he had exhibited a number of documents which included an AML Report. The Committee was informed that Mr Petrucci left ACCA's employment in 2022. ACCA were not intending to call him to give oral evidence, instead they intended to rely on his statements and exhibits. Oral evidence would be provided by Mr Armstrong, another Senior Supervision Officer within the AML Team who had taken over responsibility for the case.
  
8. Given that Mr Petrucci would not be attending to give oral evidence to the hearing, his evidence to the Committee would be hearsay. It was noted by the Committee that Mr Nazim had raised numerous objections to Mr Petrucci's evidence, this included an objection within the Case Management Form ("CMF") which Mr Nazim completed in December 2021. Within that form Mr Nazim indicated that he would like to question Mr Petrucci. In the section of the CMF asking whether the ACCA's witness evidence was agreed or whether the member wished the witness to attend so that the member could put questions to them, Mr Nazim wrote:

*'It would be useful if the officer could attend so that I can question him, as he did not indicate any issue on phone' [sic].*

In light of Mr Nazim's objections, the Committee considered whether it was appropriate to admit the written evidence of Mr Petrucci.

9. Regulation 12 (2) of the Complaints and Disciplinary Regulations ("CDRs") allows the Committee, "*subject to the requirements of justice and fairness*", to admit evidence "*whether or not that evidence would be admitted in a court of*

*law*". The Regulations go on to add that the "*Disciplinary Committee shall take into account the fact that any disputed oral evidence of a witness has not been tested in cross-examination when considering what weight, if any, should be attached to it*". The Committee reminded itself that it was fundamental to determine admissibility first. The Committee also took into account two authorities on the admissibility of hearsay, the principles of which were set out by the Legal Adviser. The cases were *Thorneycroft v Nursing and Midwifery Council* [2014] EWHC 1565 Admin and *Al Khawaja and Tahery v The United Kingdom* (26766/05 and 2228/06) – *European Court of Human Rights (Grand Chamber)*.

10. The Committee noted that ACCA appeared to have made no attempts to secure Mr Petrucci's attendance at this hearing. It was submitted on behalf of ACCA that this was because Mr Petrucci was no longer employed by ACCA. The Committee was unimpressed with this reason. The Committee considered that the allegations Mr Nazim faced were serious. It was aware of Mr Nazim's challenges to Mr Petrucci's evidence including that Mr Petrucci's report was "*shameful*", "*baseless and unprofessional*", based on "*weird and reckless assumptions*" and that he had jumped "*to irrational and arrogant conclusions*". Mr Nazim had inferred that Mr Petrucci had fabricated elements of his report and alleged collusion.
11. The Committee asked itself whether it was fair to admit Mr Petrucci's evidence and reminded itself that this meant fairness to both Mr Nazim and ACCA. It also had to consider the public interest in the Committee properly being able to discharge its regulatory function to ensure public protection. The Committee was mindful that ACCA had sought to mitigate the absence of Mr Petrucci by obtaining the evidence of Mr Armstrong, another Senior Supervision Officer, who supported the views expressed in Mr Petrucci's report and commented on the same documentation as was seen by Mr Petrucci. Therefore, in these circumstances, the Committee was satisfied that Mr Petrucci's evidence was not "sole or decisive" as Mr Armstrong had, in effect, taken over Mr Petrucci's role and, importantly, Mr Nazim would be able to make his criticisms to Mr Armstrong. Further, ACCA was relying primarily on the documentary evidence, including the information submitted by Mr Nazim for the AML review and

subsequently, and this information was available to the Committee for it to evaluate itself.

12. Overall, having considered the Regulations, the case law and all the points raised by Mr Nazim and ACCA, the Committee considered that it was fair and in the interests of justice to admit the evidence of Mr Petrucci. It would consider what weight to attach to his statement in due course.

### **BACKGROUND**

13. Mr Nazim was admitted as a member of ACCA in 1984. He holds a current ACCA practising certificate and is the principal of Firm A (“the Firm”).
14. As a result of Mr Nazim holding an ACCA practising certificate, Mr Nazim’s firm, Firm A, is subject to a mandatory requirement that it be monitored by ACCA to assess compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“MLRs”). Mr Nazim is also the Firm’s Money Laundering Reporting Officer (“MLRO”).
15. The MLRs came into force on 26 June 2017 and require ACCA supervised firms to take appropriate steps to identify and assess the risk that the firm could be used for money laundering, including terrorist financing.
16. By virtue of the MLRs, ACCA supervised firms must:
  - Conduct and document a firm-wide risk assessment (“FWRA”) of the money laundering and terrorist financing (“MLTF”) risks faced by the firm;
  - Establish and regularly maintain and update anti-money laundering policies and procedures specific to the firm that have been Informed by the firm-wide risk assessment;
  - Conduct the appropriate level of due diligence on every client including risk rating the client appropriately, identifying and verifying the client,



understanding their source of funds and conducting appropriate levels of ongoing monitoring;

- Train all relevant employees so they can identify: MLTF risks, red-flag indicators and suspicious activities. The employees should be trained on how to escalate suspicions to the Firm's MLRO.
17. ACCA firms must also have regard to the Consultative Committee of Accountancy Bodies ("CCAB") Anti-Money Laundering Guidance for the Accountancy Sector ("AMLGAS").
  18. In September 2020, Firm A was selected for an AML review in order for an assessment to be made of the Firm's AML controls. Following the assessment which took place on 4 December 2020, a report was produced by Mr Petrucci, the Senior Supervision Officer within ACCA's AML team that conducted the review; this was sent to Mr Nazim on 5 January 2021, at which time it was also confirmed that, due to the concerns around compliance, the matter was being referred for investigation.

### **ACCA'S SUBMISSIONS**

19. ACCA submitted that the allegations are capable of proof by the documentary evidence in the bundle and relied upon the statements of Mr Petrucci and Mr Armstrong and the latter's oral evidence.

#### **Allegation 1 a.**

**On dates between 26 June 2017 and 5 January 2021 [Mr Nazim] failed on behalf of his firm to comply with, or to demonstrate compliance with, the requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, namely:**

- (i) Regulation 18 (Risk assessment by relevant persons)**
- (ii) Regulation 19 (Policies, controls and procedures)**
- (iii) Regulation 21 (Internal controls)**

**(iv) Regulation 24 (Training)**

**(v) Regulations 27 to 32 (Customer due diligence: general)**

**(vi) Regulation 33-36 (Enhanced customer due diligence)**

**(vii) Regulation 40 (Record-keeping)**

**(viii) Regulation 56 (Requirement to be registered)**

20. Based on the documentation Mr Petrucci had seen, ACCA was unable to determine:

- if the Firm had conducted and documented a firm wide risk assessment prior to the AML review or whether it had been conducted on a periodic basis.
- if the Firm had conducted and documented AML policies and procedures prior to the AML review.
- if the Firm had taken appropriate measures to ensure that relevant employees and Mr Nazim were aware of the law in relation to money laundering and terrorist financing and the requirements of data protection.
- if the Firm had regularly given training to its employees on how to recognise and deal with transactions and other activities or situations which may be related to money laundering or terrorist financing
- if the Firm's employees were aware of their legal obligations such as tipping off.

21. Mr Petrucci concluded that the Firm had not obtained identification and proof of address documents in relation to the ultimate beneficial owner of one of its clients and had not identified a 25% shareholder in one of its clients. He also concluded that most of the Firm's customer due diligence files examined contained only a recent proof of address and a recent credit risk assessment notwithstanding that the Firm maintained that most of its clients were long standing clients, and that a "know your client (KYC)" form was not dated, nor

did it otherwise indicate when it had been completed or if it been updated on a periodic basis.

22. Further, Mr Petrucci was unable to find evidence of client risk assessments focusing on money laundering risks and also concluded that the Firm was unable to demonstrate that it had designed and implemented an appropriate risk-based approach to its clients. His report concluded that there was no evidence of any enhanced due diligence having been conducted by the Firm in relation to clients identified as high-risk and was unable to find evidence of periodic reviews to update or check the customer due diligence files were correct and up to date.
23. ACCA contended that there were discrepancies between the Firm's AML policies and procedures and Mr Nazim's response about record-keeping. Mr Nazim stated that any clients who left the Firm would be given documentation back as soon as possible, that paper-based documents are kept until the Firm runs out of space and that electronic records are kept indefinitely.
24. ACCA submitted that the Firm had no process in place to destroy client records after a relevant period and had no independent audit function with the responsibility to examine and evaluate the adequacy and effectiveness of the policies, controls and procedures adopted by the Firm to comply with the MLRs. In addition, ACCA contended that the Firm had not registered with ACCA to act as a trust or company service provider ("TCSP").

**Allegation 1 b.**

**The conduct described at Allegation 1(a) was contrary to Section B2 (Anti-Money Laundering) of ACCA's Code of Ethics and Conduct (as applicable from 2017 to 2021).**

25. ACCA submitted that Mr Nazim, as a member of ACCA, by failing on behalf of the firm to comply with, or to demonstrate compliance with, the requirements of the MLRs, has failed to comply with ACCA's Code of Ethics and Conduct and Section B2 (Anti-Money Laundering) (as applicable from 2017 to 2021).

**Allegation 1 c.**

**On dates between 10 September 2020 and 5 January 2021 [Mr Nazim] failed to supply ACCA with all the information necessary to enable it to complete its monitoring process efficiently, contrary to Regulation 14(2) and/or 15 of ACCA's Global Practising Regulations (as applicable from 2020 to 2021), in that he:**

- i. did not supply one or more requested documents in his responses to ACCA requests;**
- ii. did not supply original format copies of one or more-word documents in his responses to ACCA requests;**
- iii. did not promptly provide availability for a telephone interview as requested.**

26. Prior to AML reviews, ACCA seeks to contact a firm's MLRO to arrange a date and time for the AML review to take place. ACCA then emails to confirm this and to confirm the list of records and documents that should be provided to ACCA ahead of the review. Ordinarily, a firm is provided with 5 working days to submit all the information requested. Due to the pandemic and pressures faced by ACCA firms this was temporarily increased to 10 working days at the relevant time. ACCA then reviews and assesses the records and documentation supplied ahead of conducting an interview with the MLRO.
27. ACCA first attempted to contact Mr Nazim, the Firm's MLRO, by telephone on 10 September 2020. Mr Nazim's first response to ACCA was an email dated 22 September 2020 in which he requested a further two weeks to "*look into your enquiry*". On 30 September 2020 in response to being notified about the documents ACCA would require from the Firm, Mr Nazim questioned whether the documents requested by ACCA for the purposes of the AML review, including the AML policy and procedures document, were correct as the Firm was only a small firm. Mr Nazim also requested another two-week extension.

Mr Nazim was given until 8 October 2020 to provide the documents that ACCA had requested to undertake its AML review of the Firm.

28. ACCA contended that Mr Nazim failed to provide several of the documents requested by 8 October 2020 and provided some of the documents requested in a different format to that requested by ACCA. Despite being requested to provide the Firm's AML policy and procedures document in its original format, Mr Nazim refused to do so. Mr Nazim failed to provide the missing documents by a further deadline of 19 October 2020. After further email exchanges, Mr Nazim suggested on 9 November 2020 that ACCA allow him a further 8 weeks to provide the missing documents to ACCA. After further email exchanges Mr Nazim made himself available for interview by ACCA on 4 December 2020, almost 3 months after ACCA had tried to commence its AML review of the Firm. On 5 January 2021 ACCA sent Mr Nazim a report of the outcome of ACCA's AML review of the Firm, requesting that Mr Nazim complete the actions outlined in the report and provide ACCA with a description of the action taken, together with supporting evidence, by 6 April 2021. Mr Nazim failed to respond to the report of the outcome of ACCA's AML review. On 15 January 2021 ACCA emailed Mr Nazim requesting him to acknowledge the report. Mr Nazim emailed ACCA saying that he refused to read the report or acknowledge its findings. On 2 April 2021 Mr Nazim emailed ACCA saying that he would not be providing any information, as requested, by 6 April 2021.
  
29. ACCA submitted that Allegation 1 (c) is capable of proof by reference to the facts set out above in relation to Mr Nazim having failed to supply ACCA with all the information necessary to enable it to complete its monitoring process efficiently, failing to supply one or more requested documents in response to ACCA requests, failing to supply original format copies of one or more Word documents in response to ACCA requests and failing to promptly make himself available for a telephone interview as requested by ACCA.

**Allegation 1 d)**

**The conduct described at Allegation 1(c) demonstrates acting with a lack of integrity.**

30. ACCA submitted that Mr Nazim' failures at Allegation 1 (c) amounted to a lack of integrity.

## **Allegation 2**

### **2. By reason of his conduct, Mr Teddy Nazim is:**

- a. guilty of misconduct pursuant to bye-law 8(a)(i) in respect of any or all of the matters set out at 1(a) to (d); or, in the alternative**
- b. liable to disciplinary action pursuant to bye-law 8(a)(iii) in respect of allegations 1(b) and (c).**

31. ACCA submitted that Mr Nazim's conduct in matters 1a to 1 d amounted to misconduct or in the alternative allegations 1 b to c rendered him liable to disciplinary action.

## **MR NAZIM'S SUBMISSIONS**

32. Mr Nazim's fundamental position was, in effect, that he denied any breaches or failings and that he and the Firm were fully compliant with the MLRs.
33. Mr Nazim responded to the concerns raised. He outlined his background working for many years in the financial services industry, during which time he maintained he had gained an understanding of the issues around money laundering and compliance. Mr Nazim went on to explain that he was abroad dealing with urgent family matters when ACCA initially contacted him to request information for the purposes of the review. Mr Nazim highlighted his difficulties in providing the information sought, which were linked to the Covid pandemic and being abroad in a different time zone. Mr Nazim also expressed his disagreement with the AML review report produced by ACCA's Senior Supervision Officer, asserting that it was based on factually incorrect information and assumptions.

35. In the “Summary and Conclusion” of his response to Mr Petrucci, dated 18 January 2021, Mr Nazim summarised his position in response to ACCA’s criticisms:

*“We absolutely have reasonable, proper and right systems and controls in place to comply with money laundering regulations and also for detecting and preventing money laundering and terrorist financing.*

*Money laundering is a very wide and complex matter, so few can truly claim to be comprehensively prepared. I would however point out that I have been in the accountancy business since 1980. I spent 6 years as Financial Controller at the Bank of Oman in Moorgate, London. Then moved to The Bank of Brazil, in the City, as Financial Controller and head of compliance, for some 12 years. I then resigned to concentrate full time on my Accountancy Practice.*

*During my time in banking, the main function was to work closely with Bank of England Regulatory & Compliance Division, to create internal controls and systems to combat fraud and illicit money movements. I am therefore more than adequately qualified and experienced to manage efficiently my small business.*

*Most of our practice clients are by referral and well known to me and Satish over the many years.*

*We do not have any potentially high-risk clients.*

*There is insignificant money passing through our clients account.*

*Both staff members have been with us for many years. One is qualified with his practicing certificate. The other is doing his finals for ACCA. Both by daughters are law graduates from University of London and helped over the years to create tailored documents to professionally manage the practice and many businesses.” [sic]*

## **DECISION ON ALLEGATIONS AND REASONS**

36. The Committee accepted the advice of the Legal Adviser.
36. The Committee heard that there had been no previous findings against Mr Nazim and accepted that it was relevant to put his good character, in relation to the likelihood of him acting as ACCA alleged, into the balance in his favour.

## **DECISION ON FACTS**

37. The Committee carefully considered all the oral and documentary evidence it had received, including Mr Nazim's denials in his oral evidence and in his written responses to ACCA, as well as the submissions made on behalf of ACCA and Mr Nazim's submissions on his own behalf. The Committee reminded itself that the burden of proving the case was on ACCA. The standard of proof to be applied throughout was the ordinary civil standard of proof, namely the 'balance of probabilities'.
38. In his evidence and closing submissions Mr Nazim made wide-ranging criticisms of Mr Petrucci and his report and of ACCA and of its case against him and his Firm. These included the following:
  - ACCA's case was flawed and should never have been brought against him or his firm;
  - ACCA's case was vexatious and vindictive;
  - There was no legal basis for ACCA's case;
  - The burden was on ACCA to prove non-compliance with the MLRs and saying it "cannot determine" compliance was not sufficient to establish this;
  - ACCA was acting illegally by asking for documents in their original format;
  - ACCA could not bring the case because it had broken anti-money laundering rules itself by virtue of certain documentation it had shared as part of the regulatory process;
  - the case should been brought against the Firm and not Mr Nazim himself;



- As a result of an unrelated adverse Google review, ACCA had unfairly conducted a much more detailed investigation than it should have done.
39. In his email to ACCA's Investigating Officer, dated 21 May 2021, Mr Nazim asserted that the report was vindictive and illegal, that *it was "factually incorrect, as it was based on weird and reckless assumptions"* and that:

*"Since the report was so baseless and unprofessional, I could only conclude from the tone and wording, that the writer lacked real commercial exposure. Money laundering and compliance is most serious to me. I have over 100 loans in UK, USA and Portugal, from some of the largest retail banks in the world. I spent over 15 years as banks Financial Controller in the City of London, working directly with Bank of England prudential regulation division. I was therefore not prepared to act upon any of the irrelevant requirements in the false report. I made it clear at the time that I would not action any of the instructions, since they were derived from a shameful report."*

40. Mr Nazim denied failing to respond to ACCA's requests and contended that ACCA was acting illegally by requiring him to provide documentation in its original format. In an email received by ACCA on 3 June 2021, Mr Nazim stated:

*"The supervision officer was overzealous, arrogant and insensitive to the global pandemic crisis, lockdowns, impact on business operations, etc. He also made illegal statements, in order to solicit documents in format likely convenient to him and not mandatory. I had to frankly reminded him that I have been in Practice for some 30 years and will not tolerate his attitude."*

*"...the officer in his exuberance and intoxication with status, wilfully misrepresented the parameter of his remit. The vindictive report must be his retaliation after I warned him never to attempt arrogance with me." [sic]*

41. The Committee carefully considered all of Mr Nazim's general criticisms of Mr Petrucci, his report and ACCA. Although these criticisms related to ACCA's

case as a whole rather than to particular allegations, the Committee considered that it was just and appropriate to give its conclusions on them at this stage.

42. The Committee rejected each of Mr Nazim's general criticisms. It was satisfied that there is a legal obligation under the MLRs for firms to demonstrate compliance with the AML requirements, and that the case was properly brought against Mr Nazim as the Firm's principal and its MLRO, and as a member of ACCA. It noted that the allegation specifically stated that Mr Nazim had "failed on behalf of his firm" to comply with, or to demonstrate compliance with, the requirements of the MLRs. It was satisfied that to the extent that Mr Nazim made submissions to the contrary, they were fundamentally misconceived.
43. The Committee rejected all allegations that Mr Petrucci was acting recklessly, vindictively or unprofessionally. It was satisfied that he was acting appropriately to discharge the investigatory obligations ACCA had in relation to the Firm and, for example, appropriately extended deadlines given the personal and domestic difficulties raised by Mr Nazim and the impact of the pandemic. Despite the absence of Mr Petrucci to give oral evidence, the Committee rejected the assertions of any vindictive, vexatious or unprofessional approach. It was satisfied that it could determine this from the face of the documentation, including, for example, the transcript of the telephone interview between Mr Petrucci and Mr Nazim and the email correspondence between them, and that there was no basis to conclude that Mr Petrucci was anything other than polite and professional in his investigation.
44. Further, the Committee rejected Mr Nazim's contention that ACCA was acting illegally by asking for documents in their original format. It was satisfied that it was perfectly proper for ACCA to request them in this format in the course of its regulatory function. ACCA never contended that it was "legally required or mandated" that they be in that format. Whilst Mr Nazim may have misunderstood this, it is clear on the face of the documentation, for example, in the Appendix to Mr Petrucci's report that the "legal requirement" he is referring to is the obligation to conduct and document "a firm wide risk assessment prior to the AML review" and not the provision of documents in their original format.

45. It was apparent to the Committee that ACCA asked for the documents in their original format so that it could look at the metadata in order to seek to establish the date of creation. Mr Nazim contended that the metadata was unreliable for establishing the date of the creation of a document, submitting, for example, that there were instances in the documents where the purported "created date" was after the date it had been printed and thus the metadata could not be relied upon to establish the creation date.
46. The Committee agreed with Mr Nazim's contentions on this point. For example, there were metadata details relating to a document with a creation date of 7 October 2020 which was also recorded as being "last printed on 4 March 2020" - i.e. seven months before it was created according to the metadata. Accordingly, the Committee determined to disregard any evidence of metadata on the issue of the dates of creation of documents.

**Allegation 1 a) i)**

**1. Mr Teddy Nazim, a member of the Association of Chartered Certified Accountants ('ACCA')**

**a. On dates between 26 June 2017 and 5 January 2021 failed on behalf of his firm to comply with, or to demonstrate compliance with, the requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, namely:**

**(i) Regulation 18 (Risk assessment by relevant persons)**

47. Regulation 18 of the MLRs requires that a relevant person take appropriate steps to identify and assess the risks...and that a relevant person must provide the risk assessment it has prepared...to its supervisory authority on request.
48. Mr Nazim provided two risk assessments on 8 October 2020 for the MLR review. The first was dated 21 March 2017 and the second was dated 10 January 2019. The Committee noted that the risk assessment dated 21 March

2017 purported to be dated three months before the requirement under the MLRs to prepare such a document came into force. It was not mandatory to have a risk assessment in place until June 2017.

49. Mr Nazim's evidence was that he went above and beyond the requirements and prepared the first risk assessment prior to a risk assessment becoming mandatory. The Committee considered that if the document had been created three months in advance of the requirements, it would have been highly likely that Mr Nazim would then have amended or at least checked and re-dated the version he had prepared in March, once the specific requirements of the new law had been confirmed in June 2017. There was no evidence of this having been done, as the subsequent risk assessment was dated January 2019.
  
50. The Committee considered it significant that Mr Nazim had refused to provide a Word version of his March 2017 risk assessment rather than a PDF, despite being repeatedly requested to do so. It was only on 21 October 2020 (2 weeks after initially declining to send the documents in original format) that he indicated to ACCA that it was for policy reasons that he had not sent a Word version. However, he had separately sent an Excel document (in original format) to ACCA on 8 October 2020. His objection to supplying documents in their original format seems not to have applied to this document. In any event the Committee did not think it reasonable to cite the firm's policy, which he later explained was because original format documents can be amended, plagiarised or misused, as a reason for not complying with its regulator's reasonable request.
  
51. The Committee considered that it was also inherently unlikely that Mr Nazim had prepared a risk assessment three months in advance when there was no legal requirement to do so, particularly given that he had initially questioned whether ACCA's requests for documents were even correct as "*the firm is only a small practice.*" In the Committee's view his questioning of ACCA's request made it unlikely that he had in fact prepared a risk assessment by that time, let alone having done so three months early. Further, when questioned by the Committee Mr Nazim was unable to satisfactorily explain why such a small

business would have spent time drafting the risk assessment in advance of the regulations.

53. For all these reasons, the Committee was not satisfied that the purported March 2017 risk assessment was in existence before January 2019 at the earliest.
54. The Committee went on to consider the 2019 risk assessment. ACCA has not put its case on the adequacy or otherwise of the 2019 risk assessment i.e. its compliance with the specific requirements contained in the MLRs. The Committee noted that Mr Petrucci's statement only referred to the 2017 risk assessment and did not specifically consider the information in the 2019 risk assessment at all.
55. The Committee had not seen any sufficient evidence from ACCA to contradict Mr Nazim's evidence as to the existence of the 2019 risk assessment in January 2019, nor its adequacy, and therefore allegation 1 a) i) is proved on the basis of failing to comply with the obligation in the MLRs to undertake a risk assessment from June 2017 until January 2019 only.

**ii) Regulation 19 (Policies, controls and procedures)**

56. Under Regulation 19, Mr Nazim's duties included having to:

*"...establish and maintain policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing identified in any risk assessment..."*

57. Mr Nazim provided a 39-page policies and procedure document to ACCA on 8 October 2020.
58. ACCA submitted that as it was not in its original format they could not determine whether it was in place from June 2017 as it ought to have been, and also that it was a template document containing elements that were not relevant to the Firm.

59. The Committee noted that Mr Nazim contended the document to have been in place as required since 2017 and that he had drafted it himself. The Committee noted the evidence of Mr Armstrong where he pointed out that it had elements of a template which he recognised, but that this would not necessarily have been a problem if the template had been tailored to the Firm's specific requirements. However, it had not been so tailored, and there were elements which were not relevant to the Firm's business. The apparent use of a template was contrary to Mr Nazim's assertions that he had created the document from scratch and that it took him some time to prepare. The Committee took account of the absence of any other versions of the document or any supporting documentation to show that it was promulgated to staff or used by staff. There was an absence of any evidence that the document was in use. Further, there was no evidence of it being reviewed or updated in the three years between 2017 and the AML review in October 2020.

60. On the basis of this information, the Committee was satisfied it was appropriate to draw the inference that the policies and procedure document did not exist until the time of the AML review in October 2020. Accordingly, Allegation 1) a) ii) was proved on the basis of failing to comply with the obligation in the MLRs to establish policies and procedures from June 2017 until October 2020 only.

**(iii) Regulation 21 (Internal controls)**

61. Mr Nazim's position was that Regulation 21 did not apply to him because of the small size of his business.

62. Mr Armstrong's evidence was that this was incorrect and that by virtue of Regulation 21 (6), the obligations under Regulation 21 did not apply if the individual is a sole trader. As Mr Nazim employed others this exemption did not apply to him.

63. The Committee was satisfied that Mr Nazim employed other people and that the obligation under the regulation applied to Mr Nazim.

64. The Committee noted that Mr Nazim initially maintained he did not have the documents required by Regulation 21, for example, in an email to ACCA dated 26 October 2020 in answer to a question from Mr Petrucci on this topic, he replied: *"None, as irrelevant to us."* However, the Committee also noted an internal controls document, dated 10 January 2019 and headed "Independent Assessment & Report on effectiveness of Britain Accountants Limited AML Controls & Procedures", which was provided to the Committee for the first time on 11 September 2024. A further document dated 24 December 2021, although not identical to the January 2019 document, had very similar wording, although different formatting. It was unsigned but contained the printed names of two people whom the Committee understands to be Mr Nazim's daughters.
65. The Committee considered it significant that Mr Nazim initially said there were no internal control documents in October 2020, but subsequently produced a document dated January 2019.
66. Given this inconsistency, the Committee rejected Mr Nazim's account as not credible and concluded that there was no internal control document between June 2017 and the AML review in October 2020. Accordingly, Allegation 1) a) iii) was proved on the basis of failing to comply with the obligation in the MLRs in relation to internal controls from June 2017 until October 2020 only.

#### **iv) Regulation 24 (Training)**

67. Regulation 24 requires appropriate measures to be taken to ensure relevant employees are made aware of the law relating to money laundering and regularly given training on, among other things, how to recognise and deal with transactions which may be related to money laundering (Reg 24(1)(a)). It also requires maintenance of a written record of the training (Reg 24(1)(b)).
68. Initially Mr Nazim stated to Mr Petrucci that a training log was not considered relevant to *"our very small business"* and that the AML Policies and Procedures document provided, together with CPD, was sufficient to cover the training documentation requested. But later in oral evidence he referred to documentation including handwritten notes in lever arch files and documents in

the bundle that he indicated amounted to “overkill” in relation to training. When questioned on the documents provided to the Committee, Mr Nazim conceded that these documents were templates and that the full training record was in the handwritten lever arch files. These have not been provided to the Committee and the first time these lever arch files were mentioned was in answer to Committee questions at the end of Mr Nazim’s evidence.

69. In relation to taking appropriate measures (Reg 24(1)(a)), whilst the Committee accepted Mr Nazim had provided ACCA, and the Committee had seen, documents that could be used as training materials, there was no documentary evidence that relevant employees were made aware of this material, as required. To the extent that Mr Nazim’s evidence asserted that the employees were made aware, the Committee considered this lacked credibility given the vagueness of his response on that point, for example when he said “...we try to spread the courses around all of us. Make sure they understand taxation, VAT, PAYE.” “...they all do the CPD, but of course we cannot dictate to them what courses they do.” ...” In terms of money laundering, myself and Satish, we made sure that we do the necessities. Because whatever we do, we sort of hand down to them”
70. Further, there was no documentary evidence to support the assertion that Mr Nazim had met his training obligations under Regulation 24. In relation to the duty to compile a record of the training (Reg 24(1)(b)), Mr Nazim stated that there was a record which was handwritten and stored in lever arch files, which he could not recall sending to ACCA. This material had not been provided to the Committee. Accordingly, the Committee was satisfied that ACCA had proved a failure to comply with the requirements of Regulation 24.

**(v) Regulations 27 to 32 (Customer due diligence: general)**

71. This Allegation concerns the requirement to conduct appropriate customer due diligence. Mr Petrucci examined eight customer files. He detailed particular concerns in relation to two of those files. These were: in relation to one customer that Mr Nazim had not obtained identity and proof of address



documents relevant to the client's ultimate beneficial owner; and in relation to the second customer that a 25% shareholder had not been identified.

72. Further, Mr Petrucci's evidence was that the majority of the other files only had recent address confirmation and credit risk assessments despite being long-standing customers. His conclusion was that the evidence suggested the Firm had only conducted this due diligence for the purpose of the review. In addition, Mr Petrucci was of the view that it appeared that the focus of Mr Nazim's due diligence was client credit ratings as opposed to an assessment based on their money laundering risks.
73. Mr Nazim said in an interview with Mr Petrucci that most of his clients were existing clients or became clients because of long-standing family relationships or were personally introduced and stated that he did what he felt was necessary as he has been practising for 40 years. He said he did undertake customer due diligence but based it on the current credit rating. As part of the AML review Mr Nazim had supplied to ACCA an Excel spreadsheet setting out a list of customers together with a 'Client risk rating' for each customer. The risk rating appeared to be based on a report from a third-party (Creditsafe) and Mr Nazim confirmed to Mr Petrucci that he based the risk rating on the current credit rating: *"Would it be right in saying that your risk rating is based on your credit rating?" "Yes...It's absolute nonsense. I looked into this some time ago and if my business has just been formed obviously I will have no rating. So, the whole thing is nonsensical. We don't lend money to these clients...We don't have to be concerned if they are poor or rich, because we don't give them credit. ...So it's all stupid. So I don't take it seriously."*
74. However, Mr Nazim later stated that the "Creditsafe" scores were in fact not simply credit ratings but did take into account wider money laundering risks. Finally, at the end of his evidence to the Committee, Mr Nazim said he applied his own personal simplified risk rating score of 1 to 4 to each of his clients. This was the first time this personal risk rating system had been mentioned.

75. Against this the Committee noted the evidence of Mr Armstrong who stated that *"the Creditsafe reports that I've seen within the files that were provided didn't consider any money laundering risks... it looked like a credit check."*
76. The Committee was satisfied that Mr Petrucci made an error in relation to the criticism he made about the non-identification of a 25% shareholder. The rules only require identification of beneficial owners if they hold *more* than 25%. As this was not the case this criticism is not established.
77. Nonetheless, on the information before it the Committee was satisfied that Mr Nazim did not properly discharge his obligations under regulations 27 to 32. There was no evidence that Mr Nazim undertook due diligence at the start of the business relationships or updated it as required (Regulation 28 (11)). It rejected Mr Nazim's explanation as to the Creditsafe reports taking into account wider money laundering risks as lacking credibility and not borne out by the documentation. It preferred the interpretation given by Mr Armstrong, that the Creditsafe scores were a credit check. In addition, the Committee considered it a significant failing not to obtain proof of identity and proof of address in relation to new customers at the time they were taken on. Accordingly, the Committee was satisfied there was a failure to comply with regulations 27 to 32 and that Allegation 1(a)(v) was proved.

**(vi) Regulation 33-36 (Enhanced customer due diligence)**

78. Enhanced due diligence ("EDD") is required where there is a high risk of money laundering. Mr Nazim accepted that he had not undertaken any EDD but maintained that this was because none of his customers were high risk.
79. The Committee noted that in assessing whether there is a high risk of money laundering, and therefore whether EDD is required, a non-exhaustive list of risk factors is set out in Regulation 33 (6).
80. The Committee accepted Mr Petrucci's evidence in his report dated 5 January 2021 where he identified two company clients who would typically be

considered high risk by virtue of the nature of their businesses and therefore require EDD.

81. The Committee also noted that in paperwork submitted by Mr Nazim ("Teddy Report after review on 26 Nov 2021" which is signed and dated on that date) he listed two clients dealing in import/export, two clients involved in investment services, two high net worth individuals and a client residing overseas.
82. The Committee was therefore satisfied on the evidence that the Firm did have clients who were likely to have fallen within the definition of being high risk clients and who required EDD. Accordingly, the Committee was satisfied there was a failure to comply with the requirement to apply enhanced customer due diligence and that allegation 1(a)(vi) was proved.

**(vii) Regulation 40 (Record-keeping)**

83. Under regulation 40 there is an obligation to keep AML records for at least five years after the business relationship comes to an end.
84. During the case, and in particular in his recorded interview with Mr Petrucci, Mr Nazim provided differing accounts as to the Firm's record keeping arrangements. When asked how long he kept records for: *"I'm talking specifically anti-money laundering"* he stated, *"I don't have a policy for any specific anti-money laundering ..."*; that he kept the physical documents *"On average, I have limited space, so maximum 6 to 7 years"*; electronic copies were kept for *"as long as possible"* and that he sometimes gave the documents back to the client. Mr Nazim also stated that in relation to clients who had left the practice he tried to insist on them taking *"their stuff with them as soon as possible"*. He indicated that they had a small office and limited storage space *"so can't afford to hold onto anything not important or relevant"* and that he did not *"have a policy for any specific anti-money laundering..."*.
85. The Committee noted that in oral evidence Mr Nazim indicated that he had misunderstood Mr Petrucci's questions and thought he was referring to accountancy documents. However, the Committee noted that Mr Petrucci had

specifically referred to anti-money laundering documents in his question, and Mr Nazim himself had specifically referenced money laundering in his response.

86. The Committee assessed the totality of the documentary and oral evidence and considered that Mr Nazim provided differing explanations at different times with unclear answers to direct questions. His answers were also inconsistent, for example at one time stating he gave back documentation and at another time that he did not. The Committee was satisfied that ACCA had proved on the balance of probabilities that the AML record-keeping requirements were breached, including the requirement to destroy personal data when required, because Mr Nazim stated that he never destroyed documents. Accordingly, the Committee was satisfied there was a failure to comply with the record keeping requirements and that Allegation 1(a)(vii) was proved.

**(viii) Regulation 56 (Requirement to be registered)**

87. The obligation under the Regulation is for Mr Nazim's firm to be registered with ACCA, the Firm's Regulator, as a trust or company service provider (TCSP). The obligation is to register with ACCA and then ACCA will notify HMRC. Even if the firm is registered with HMRC, there is still an obligation to register with ACCA. The relevant part of Regulation 12(2) is:

*“(2) In these Regulations, “trust or company service provider” means a firm or sole practitioner who by way of business provides any of the following services to other persons, when that firm or practitioner is providing such services*

*(a) forming companies or other legal persons;*

*(b) acting, or arranging for another person to act*

*(i) as a director or secretary of a company;*

*(ii) as a partner of a partnership; or*

*(ii) in a similar capacity in relation to other legal persons;*

- (c) providing a registered office, business address, correspondence or administrative address or other related services for a company, partnership or any other legal person or legal arrangement;...*
88. Services such as forming companies or providing a registered office, or a business or correspondence address therefore fall within the definition of a TCSP.
89. In his interview with Mr Petrucci, Mr Nazim stated that his firm was providing registered office services and company formation services albeit at no or nominal cost. However, the Committee noted that Mr Nazim had stated in his email to ACCA dated 3 June 2021: *“Most new businesses are by referral, or the same clients starting further business and asking us to help with incorporation, at a nominal fee of often 100 plus VAT”*.
90. In the Excel spreadsheet listing his clients supplied by Mr Nazim on 8 October 2020, he has listed his office address as the location for a number of his clients. In addition, in the training material supplied by Mr Nazim, item 12 lists the services offered by the firm as including providing company incorporation and a registered office address. Further, after the AML review, Mr Nazim accepted in the AML risk assessment questionnaire, dated 28 November 2021, that the firm provided registered office services and Company formation services. It noted that in an ACCA Risk Assessment Survey dated 23 October 2018, the firm had said it did not provide TCSP services.
91. The Committee was satisfied on all this evidence that Mr Nazim’s firm was providing services covered by this regulation.
92. Mr Nazim’s contention was that he was not providing the services "by way of business" (which is a precondition in Regulation 12 (1)) but was providing a free service.
93. The Committee noted that the services Mr Nazim’s firm was providing were to clients. It also noted the reference (above) to charging a nominal fee of £100. Whether or not those services were charged for was, in the

Committees judgment, irrelevant to the issue. Even if those services were sometimes provided free to clients this did not prevent them being provided "by way of business."

94. Accordingly, the Committee was satisfied there was a failure by Mr Nazim to comply with the requirement to register as a TCSP provider and that allegation 1(a)(viii) was proved.

**b. The conduct described at Allegation 1(a) was contrary to Section B2 (Anti-Money Laundering) of ACCA's Code of Ethics and Conduct (as applicable from 2017 to 2021).**

95. The Committee was satisfied that the proven conduct at 1 a) i) – viii) in breach of the MLRs was contrary to the requirements of Section B2. This is clear on the face of the requirements of the Code of Ethics and Conduct that "A professional accountant shall obey the law". It therefore follows that as the law has been breached (the MLRs) the Code of Ethics has similarly been breached. The Code also imposes requirements for staff training, internal controls, client identification and record keeping which reflect the requirements under the MLRs. The Committee has found those requirements have been breached. Accordingly, Allegation 1 b is proved.

**c. On dates between 10 September 2020 and 5 January 2021 failed to supply ACCA with all the information necessary to enable it to complete its monitoring process efficiently, contrary to Regulation 14(2) and/or 15 of ACCA's Global Practising Regulations (as applicable from 2020 to 2021), in that he:**

**i. did not supply one or more requested documents in his responses to ACCA requests;**

96. The Committee was satisfied that there is a duty under Regulation 14 (2) to supply ACCA with all the information necessary to enable it to complete its monitoring process efficiently.

97. In relation to Allegation 1(c) i), ACCA first attempted to contact Mr Nazim by telephone on 10 September 2020. Mr Nazim's first response to ACCA was an email dated 22 September 2020 in which he requested a further two weeks to "*look into your enquiry*". On 30 September 2020 in response to being notified about the documents ACCA would require from the firm, Mr Nazim questioned whether the requested documents, including the AML policy and procedures document, were correct as the firm was only a small practice. Mr Nazim also requested another two-week extension. Mr Nazim was given until 8 October 2020 to provide the documents that ACCA had requested to commence its AML review of the firm. Mr Nazim provided some documents but not all of the requested documents by 8 October 2020. He was given a further extension until 19 October 2020 and provided some further documents on 26 October 2020, but still had not provided all the documents requested.
98. The Committee had sight of Mr Petrucci's letter of 12 October 2020 in which he detailed the missing documents. After the provision of further documentation on 26 October 2020 Mr Nazim had still not provided documents 8, 9, 10 and 11. It also noted that document 8 was provided late, after the review, and document 10 was provided during the hearing to the Committee. Documents 9 and 11 have not been provided.
99. The Committee was satisfied that Mr Nazim did not supply these documents to ACCA within the extended requested timelines and that the non-provision of them amounted to a breach of the regulation as those documents were necessary to enable ACCA to complete its monitoring process efficiently. Accordingly, Allegation 1 b i) is proved.

**ii. did not supply original format copies of one or more-word documents in his responses to ACCA requests;**

100. This allegation concerns not supplying the original format of one or more Word documents as ACCA had requested. ACCA's rationale for requesting documentation in its original format appears to be in order to try to establish the date of creation using the metadata.

101. Mr Nazim accepted he did not provide some documentation in its original format including the firm wide risk assessment and his policies and procedures document.

102. The Committee did not accept ACCA's arguments as to the use of metadata for establishing the date of creation of a document (see paragraph 46 above). It was satisfied therefore that it was possible for ACCA to complete its monitoring process efficiently without seeing documentation in its original format. Further, it noted that Mr Armstrong in his answers to Mr Nazim's questions, confirmed that ACCA does not rely solely on metadata. For all these reasons the Committee was not satisfied that Allegation 1 b ii) was proved.

**iii. did not promptly provide availability for a telephone interview as requested.**

103. ACCA requested Mr Nazim to provide his availability for a telephone interview on 27 October 2020. It repeated this request on 2 November 2020 and again on 6 November 2020. Mr Nazim responded on 11 November 2020 stating that he was in Los Angeles and required an agenda for the interview and an eight-week extension. On 13 November 2020 ACCA refused to grant the extension and made a further request for an interview on 20 November 2020. On 3 December 2020 Mr Nazim offered the date of 4 December 2020 for the interview.

104. The Committee noted that there was a delay of about six weeks before Mr Nazim gave his availability. Whilst the Committee noted that Mr Nazim was out of the country at the time of the first request and described some personal difficulties and the impact of the pandemic, it was not persuaded that any of these amounted to a justifiable defence for the period of about six weeks' delay before he provided his availability for interview. The Committee is satisfied, given the nature and purpose of the money laundering regulations, that there is a justifiable urgency in conducting AML reviews, and that the obligation to enable ACCA to discharge its monitoring process efficiently must be complied with quickly. This is to ensure that the documentation and the situation in any firm as it existed at the time of the request is current and that the information



can be assessed timeously. The Committee is satisfied that ACCA has proved that the delay here amounted to a breach of duty and therefore Allegation 1 b iii) was proved.

**d. The conduct described at Allegation 1(c) demonstrates acting with a lack of integrity.**

105. The Committee reminded itself that it was restricted to considering a lack of integrity in relation to Allegations 1 c) i) and 1 c) iii) and that the proved allegations in allegation 1a) have not been referenced in this allegation. The Committee therefore considered whether its findings at Allegations 1 c) i) and 1 c) iii) (not supplying one or more of the required documents and not promptly providing availability for interview for a period of about six weeks) amounted to acting with a lack of integrity. The Committee had regard to the guidance given by Jackson LJ in *Wingate and Evans v The Solicitors Regulation Authority [2018] EWCA Civ* and did not consider that these failures reached the threshold to amount to a lack of integrity. Accordingly, Allegation 1d) was not proved.

**2. By reason of his conduct, Mr Teddy Nazim is:**

**a. guilty of misconduct pursuant to bye-law 8(a)(i) in respect of any or all of the matters set out at 1(a) to (d); or, in the alternative**

**b. liable to disciplinary action pursuant to bye-law 8(a)(iii) in respect of allegations 1(b) and (c).**

106. The Committee next asked itself whether the proven conduct under any of the allegations amounted to misconduct.

107. The Committee had regard to the definition of misconduct in Bye-law 8(c) and the assistance provided by the case law on misconduct. It had to consider extensive breaches of the MLR's; the contravention of ACCA's Code of Ethics and the document provision failures. The Committee was satisfied that the wholesale breach of the money laundering regulations amounted to misconduct. The regulations impose legal requirements with which Mr Nazim

had not complied. The failings were serious and had the potential to undermine confidence in the reputation of the profession. In addition, the documentary provision failures were, in its judgment, a “dragging of feet” and conduct that frustrated the efficiency of the regulator. They were also sufficiently serious to amount to misconduct. It was satisfied that Mr Nazim’s actions and omissions brought discredit to him, the Association and the accountancy profession.

108. In the light of its judgment on misconduct, no finding was needed upon liability to disciplinary action.

#### **SANCTIONS AND REASONS**

109. The Committee noted its powers on sanction were those set out in Regulation 13(1). It had regard to ACCA’s Guidance for Disciplinary Sanctions and bore in mind that sanctions are not designed to be punitive and that any sanction must be proportionate. It accepted the advice of the Legal Adviser.
110. The Committee considered that the conduct in this case was very serious. The Committee had specific regard to the public interest and the necessity to declare and uphold proper standards of conduct and behaviour. It noted the guidance in Section H of the Guidance that *‘AML breaches are invariably a breach of the law. This factor carries an inherent level of seriousness...’*.
111. The Committee noted the submissions on sanction by Mr Nazim. He submitted that he was one of ACCA’s longest serving members (for nearly 50 years) and that he had never had any issues or criticisms from ACCA before. He submitted that there should be no sanction and contended that he could not see any scope for changing his practice because he maintained he was 100% compliant.
112. The Committee identified the following mitigating factors:

- Mr Nazim was of previous good character with no previous disciplinary record. He has a long unblemished career with nearly 50 years of experience.
- There is no evidence of personal financial gain.
- The background to the failings included the Covid pandemic and difficult personal circumstances which provided a challenging situation, including an inability to visit the office for a period.
- He had fully engaged with the disciplinary process after the AML review, attended all hearings, and provided a plethora of documentation.

113. The Committee identified the following aggravating factors:

- No evidence of any insight or remorse.
- The AML breaches covered a prolonged period of time and were repeated.
- The failings exposed the Firm to potential risk of money laundering.
- Potential to undermine the reputation of the profession.

114. Given the Committee's view of the seriousness of Mr Nazim's' conduct, it was satisfied that the sanction of No Further Action was inappropriate and insufficient. None of the factors listed in C2.1 of the Guidance for Admonishment apply, and this would in any event be an insufficient sanction. Similarly, in relation to Reprimand, the conduct could not be said to be of a minor nature and with no continuing risk, and the factors at C3.1 did not apply. Again, in the Committee's judgment this would be an insufficient sanction.

115. In relation of the sanction of Severe Reprimand, there was no evidence before the Committee of the "individual's understanding and appreciation of the conduct". As a result, the Committee was satisfied that there was a continuing risk to the public, which was its overarching concern. Whilst some of the factors listed at C4.1 of the Guidance were applicable; the Committee was most concerned about Mr Nazim's lack of insight. This was demonstrated when he stated that he had *"no reason to believe I am not 100% compliant and have always been compliant"*. During Committee questions, the Committee had acknowledged the stresses and challenges Mr Nazim had been experiencing at the time of the review and asked him whether he would do anything differently today. He responded that he would not.
116. The Committee noted that Mr Nazim had been given multiple and repeated opportunities to supply all the documentation on which he relied, and he had supplied numerous documents over a lengthy period. However, at the end of the hearing he stated that he has other documents including training logs and individual risk ratings for each client, but these were not supplied to ACCA nor to the Committee.
117. The Committee had regard to section H of the Guidance - "Additional guidance in relation to AML allegations" noting the following: *"It is of vital importance that ACCA members adhere to the AML rules and regulations required by law to help prevent economic crime prospering. The NRA identifies the accountancy sector as high risk of exploitation by criminals."* It further states *"...enforcement via the sanctioning process plays a key role in correcting weaknesses in processes, and in influencing and fostering a culture that contributes to effective risk management and compliance."* It emphasises *"the wider national context"* and *"the need for robust action in respect of non-compliance"*
118. In the circumstances, particularly given Mr Nazim's lack of insight and what the Committee concludes is his inability to take on board the requirements of the Money Laundering Regulations, it was satisfied that a severe reprimand was insufficient to protect the public and also insufficient to highlight to the

profession and the public the gravity of the proven misconduct. The Committee considered the factors listed at C5 of the Guidance for exclusion from membership and was satisfied that his conduct was fundamentally incompatible with remaining on the register. The Committee was satisfied that only exclusion from the register was sufficient to protect the public and mark the seriousness to the profession and the public of compliance with the MLRs.

### **COSTS AND REASONS**

119. ACCA claimed costs of £47,692 and provided a detailed schedule of costs. It noted that Mr Nazim submitted that there should be no costs awarded against him given ACCA's management of the case. He submitted that some costs had been duplicated because of the protracted nature of the investigation and the necessity for Mr Armstrong to give evidence because of the absence of Mr Petrucci.
120. The Committee had regard to ACCA's Guidance for Costs Orders. The Committee decided that it was appropriate to award costs in this case and that most of the costs claimed were reasonably incurred. However, it accepted some of Mr Nazim's contentions as to duplication of work and costs by ACCA. Mr Nazim did not make any submissions as to his means. Considering all matters and making the "broad brush" assessment that was appropriate in the circumstances, the Committee concluded that the sum of £40,000 was appropriate and proportionate. Accordingly, it ordered that Mr Nazim pay ACCA's costs in the amount of £40,000.

### **EFFECTIVE DATE OF ORDER**

121. The Committee was not persuaded that the ground for imposing an immediate order was made out. This was because no actual loss has been established, there was no actual harm to the public and therefore the Committee did not consider that an immediate order was necessary in the interests of the public.

**Ms Carolyn Tetlow  
Chair  
18 November 2024**