



## Public Statement

- › Clive Neil Stewart Barton MBE ("**Mr Barton**")
- › Kathleen Gillen ("**Ms Gillen**")
- › Moore Stephens Jersey Partnership ("**Moore Stephens**") and affiliated members, namely:
  - First Island Computing Limited;
  - First Island Investments Limited;
  - First Island Management Limited;
  - First Island Nominees Limited;
  - First Island Pension Trustees Limited;
  - First Island Secretaries Limited;
  - First Island Services Limited;
  - First Island Trustees Limited;
  - First Rock Limited;
  - Pennine Trustees Limited; and
  - Snow Hill Trustees (Jersey) Limited(together, the "**MS trust company business**")

Financial Services (Jersey) Law 1998, as amended (the "**FS(J)L**")  
Codes of Practice for Trust Company Business (the "**Codes**")

### 1 Action

- 1.1 The Jersey Financial Services Commission (the "**Commission**") issues this public statement in relation to Mr Barton, Ms Gillen and the MS trust company business pursuant to Article 25 of the FS(J)L. Mr Barton was formerly the senior partner of Moore Stephens. Ms Gillen was formerly the partner with primary responsibility for the day-to-day management of the MS trust company business. Directions have been issued under Article 23(1) of the FS(J)L (and the equivalent provisions of the other regulatory laws<sup>1</sup>) to Mr Barton and Ms Gillen.
- 1.2 The Commission's actions support its objectives of reducing the risk to the public of financial loss and protecting and enhancing the reputation and integrity of Jersey in commercial and financial matters.

---

<sup>1</sup> The Banking Business (Jersey) Law 1991, as amended.  
The Collective Investment Funds (Jersey) Law 1988, as amended.  
The Insurance Business (Jersey) Law 1996, as amended.

## 2 Background

- 2.1 Moore Stephens is a Jersey partnership providing a range of regulated and non-regulated services. Moore Stephens is registered by the Commission pursuant to the FS(J)L in the conduct of trust company business in conjunction with its affiliates.
- 2.2 The Commission conducted a supervisory on-site examination of the MS trust company business during November 2014 (the “**Examination**”).
- 2.3 The Examination identified a number of significant concerns over the corporate governance of the MS trust company business and its provision of services to structures under administration.
- 2.4 Although an internal remediation process had recently been initiated, Moore Stephens voluntarily engaged a regulatory consulting firm to perform an independent review of the corporate governance and customer files in respect of its trust company business (the “**Consultant’s Report**”). Moore Stephens also promptly implemented initial steps in relation to training and revised policies and procedures to remediate issues identified in the MS trust company business.
- 2.5 Following the Examination, the Commission required co-signatories to be appointed to review and pre-approve certain transactions. The co-signatories were required to provide a report of any issues identified in the course of their engagement (the “**Co-signatories Report**”).
- 2.6 The co-signatories did not identify any issues in relation to customers of the “real estate and fund administration” and “local business” departments, accordingly these were subsequently removed from the scope of the directions imposed on the MS trust company business.
- 2.7 Mr Barton and Ms Gillen were responsible for approximately 70% of the trust and corporate business clients at the time of the Examination. Following the Examination both Mr Barton and Ms Gillen voluntarily took a leave of absence, and subsequently left the partnership.

## 3 Issues identified

- 3.1 The Examination, Co-signatories Report and Consultant’s Report identified a lack of effective governance and lack of appropriate compliance oversight in relation to the trust company business.
- 3.2 The ineffective governance resulted in **some instances** of the MS trust company business failing to:
  - › obtain adequate Customer Due Diligence, to identify and appropriately risk rate Politically Exposed Persons and perform enhanced due diligence as required;
  - › understand and document the rationale for customer structures and to verify source of wealth and source of funds;
  - › obtain tax advice and to make relevant disclosures to tax authorities;
  - › ensure commission charged was in accordance with the agreed terms;
  - › exercise adequate governance over customer structures;
  - › maintain appropriate accounting records;
  - › implement a robust annual review process;
  - › comply with internal procedures;
  - › recognise, document and manage conflicts of interest;

- › implement an effective complaint handling system;
- › report internal suspicions to the Money Laundering Reporting Officer (MLRO); and
- › have adequate regard for the compliance function thereby undermining its effectiveness.

## 4 Breaches of the Codes

4.1 From the issues summarised above, it follows that the MS trust company business breached Principles 2 and 3 of the Codes. The MS trust company business failed to:

- › have the highest regard for the interests of customers; and
- › organise and control its affairs effectively for the proper performance of its business activities and demonstrate the existence of adequate risk management systems.

## 5 Actions taken by Moore Stephens

5.1 Moore Stephens has implemented a Restructuring Plan which will result in the establishment of a new corporate structure with an improved governance framework.

5.2 A new Managing Director of the MS trust company business has been appointed, and the compliance function has been significantly strengthened.

5.3 A significant Remediation Plan has been implemented including a review of existing processes and procedures, training for staff and detailed reviews of customer files. The remediation process will be closely monitored by the Commission and Moore Stephens has committed to work with the Commission to remedy all deficiencies identified within agreed timeframes.

5.4 Mr Barton and Ms Gillen retired from the partnership in March and April 2015 respectively. The Commission has concluded it is necessary and proportionate in all the circumstances that directions are issued under the FS(J)L preventing both Mr Barton and Ms Gillen from:

- › performing any function at all for;
- › engaging in any employment at all by; and
- › holding any position at all in the business of any registered person.

5.5 The directions shall remain in force until such time as Mr Barton and Ms Gillen successfully apply to the Commission, pursuant to Article 23(6) of the FS(J)L, for a variance or withdrawal of the directions. Mr Barton and Ms Gillen have also been issued with directions under the equivalent provisions of the other regulatory laws<sup>2</sup>.

5.6 Moore Stephens has cooperated fully with the Commission throughout. The partners of Moore Stephens consider that completion of the Remediation Plan will ensure the MS trust company business is in a strong position to grow in the future.

## 6 Conclusion

6.1 As a result of the actions taken by Moore Stephens in respect of the MS trust company business outlined in 5 above, the Commission has withdrawn the requirement for co-signatories.

---

<sup>2</sup> The Banking Business (Jersey) Law 1991, as amended.  
The Collective Investment Funds (Jersey) Law 1988, as amended.  
The Insurance Business (Jersey) Law 1996, as amended.

6.2 The issues identified by the on-site examination and subsequent reviews were significant; however, the partners of Moore Stephens have acknowledged the failings identified in respect of the MS trust company business and, working in collaboration with the Commission, have taken appropriate steps to remedy the issues and strengthen the business. The Commission is committed to working with regulated entities to resolve issues whenever possible and appropriate.

Contact: [Barry Faudemer, Director, Enforcement Division](#)

Telephone: 01534 822137

Email: [b.faudemer@jerseyfsc.org](mailto:b.faudemer@jerseyfsc.org)

[Jersey Financial Services Commission](#)

14-18 Castle Street

St Helier

JE4 8TP