



# Public Statement

## Ms Gisele Helene Le Miere (Ms Le Miere)

Date of birth: 4 January 1964

Former Principal and Key Person of Jordans Trust Company (Jersey) Limited

Financial Services (Jersey) Law 1998, as amended (FS(J)L)

### 1 Action

- 1.1 The Jersey Financial Services Commission (JFSC) issues this public statement pursuant to Article 25(a) of the FS(J)L with respect to directions issued to Ms Le Miere under Article 23 of the FS(J)L.
- 1.2 The JFSC'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.

### 2 Background

- 2.1 Ms Le Miere was the Managing Director and Money Laundering Reporting Officer of Jordans Trust Company (Jersey) Limited (JL) from 2004 to 2014. Ms Le Miere resigned from JL in July 2014. JL is authorized by the JFSC to conduct trust company business as defined in the FS(J)L.
- 2.2 In 2015, JL received a complaint from an individual regarding a film investment opportunity in which the individual had invested circa £20,000 via JL in 2014. Given the seriousness of the complaint, JL promptly brought it to the attention of the JFSC. The complaint raised concerns with the JFSC over the conduct of JL in its provision of services with respect to the film investment opportunity during 2013 and 2014<sup>1</sup>.
- 2.3 Accordingly, JL, acting with cooperation and candour and in consultation with the JFSC, appointed an independent reporting professional to undertake a review and report on, inter alia, the complaint and the film investment opportunity. JL provided the completed report to the JFSC.

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<sup>1</sup> JL reviewed and considered the complaint which has since been concluded.

- 2.4 The findings of the report, while demonstrating, inter alia, there were inadequacies and inefficiencies in JLL's policies and procedures and systems and controls<sup>2</sup>, gave particular cause for concern over the fitness and propriety of Ms Le Miere; JLL's Managing Director and Money Laundering Reporting Officer for the period under review and also the person with particular responsibility for the management and oversight of all matters related to the film investment opportunity.
- 2.5 Consequently, the JFSC commenced an investigation into Ms Le Miere's fitness and propriety. The investigation focused on Ms Le Miere's conduct with regard to the film investment opportunity, centering on the period October 2013 to April 2014. Ms Le Miere has cooperated with the JFSC throughout the investigation.

### 3 Summary of findings

#### 3.1 The film investment opportunity

- 3.1.1 Following an approach from a long-time external associate of Ms Le Miere, Ms Le Miere undertook steps to enable JLL to take on, as a customer, a pre-existing non-Jersey incorporated special purpose vehicle (SPV); a film financing vehicle established with respect to the film investment opportunity. The anticipated beneficial owner of the SPV was known to the external associate.
- 3.1.2 It was intended JLL would provide administration and director services to the SPV, and Ms Le Miere had agreed to the initial use of JLL's designated client bank account to receive imminently anticipated investments with respect to the film investment opportunity. It was intended a separate bank account would in due course be established for the SPV to hold the investment monies. Neither Ms Le Miere nor senior colleagues had any prior experience of administering film financing vehicles or film investment structures.
- 3.1.3 While services were, in part, provided with respect to the film investment opportunity, due to a number of difficulties and/or issues with regard to the relationship neither the SPV nor connected individuals/entities were ever formally accepted as customers of JLL.
- 3.1.4 Notwithstanding this, JLL's designated client bank account was used, following the actions of the underlying controllers of the SPV, to receive investor monies in the region of £221,000 from members of the public in relation to the film investment opportunity. Shortly after receipt of the monies, Ms Le Miere was notified the services of JLL would no longer be required and she received a request to transfer all investor monies to a non-Jersey incorporated company associated with the film investment opportunity. Ms Le Miere sought to establish certain safeguards with the underlying controllers of the SPV prior to such funds being paid to the non-Jersey company and subsequently investor monies were paid away.
- 3.2 With respect to Ms Le Miere's conduct connected to the film investment opportunity, following its investigation the JFSC has, in summary, concluded:
- 3.2.1 Material information regarding parties connected to the film investment opportunity was not appropriately disseminated by Ms Le Miere to either the JLL Board of Directors or the Compliance Committee, despite several opportunities for her to do so.

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<sup>2</sup> JLL's actions in response to the review and report are set out at item 4 of this public statement.

- 3.2.2 Further, Ms Le Miere either did not recognize or did not act to remedy inaccurate information provided to the JLL Board of Directors and, also, the Compliance Committee on several occasions concerning the film investment opportunity.
- 3.2.3 Ms Le Miere failed to adequately identify and consider the risks associated with taking on the customer relationship for the film investment opportunity and related parties (i) at the outset and (ii) when presented with changing circumstances throughout the dealings with the parties. Where risks were identified or understood by Ms Le Miere, she failed to adequately document them on JLL's records.
- 3.2.4 Ms Le Miere placed over-reliance on the external associate to assist with the management of, and communication with, the various third parties in regard to matters relating to the film investment opportunity. The external associate was not formally engaged by JLL, and the scope of the arrangement was unclear and undocumented. The external associate had conflicts of interest with respect to the film investment opportunity, which were neither properly considered nor understood by Ms Le Miere nor documented at all by her on JLL's records.
- 3.2.5 Ms Le Miere did not maintain adequate records of important meetings and/or discussions which took place concerning the relationship. Indeed, in many instances there was a total absence of documentary records with regard to meetings/discussions. Further, Ms Le Miere was unable to evidence the rationale for significant decisions she made and courses of action undertaken at her behest in relation to the film investment opportunity. More generally, the majority of the documentation obtained/prepared by Ms Le Miere, and/or junior staff under her direct supervision, in connection with the relationship was inadequate.
- 3.2.6 Following receipt of significant and relevant adverse information concerning a party actively connected to the SPV, and concerns regarding a lack of clarity in respect of the SPV's beneficial ownership, Ms Le Miere determined that JLL would not take on the SPV. Though some services had been provided, the customer relationship was, therefore, never taken on by way of JLL's formal process. However, in spite of the decision not to take on the SPV, the underlying controllers of the film investment opportunity directed members of the public to deposit their investment monies with JLL in its designated client bank account.
- 3.2.7 When the monies were received from members of the public into JLL's designated client bank account, Ms Le Miere did not seek to stop the transactions and, in fact, authorised deposits.
- 3.2.8 Thereafter, following requests, Ms Le Miere facilitated and oversaw JLL's termination of its relationship with the underlying controllers of the film investment opportunity and the whole structure and, further, after repeated requests, the payment away of the investor monies to a third-party controlled bank account. In this respect, Ms Le Miere sought to ensure certain conditions were satisfied prior to the transfer of funds – including receipt of various documents, confirmation investors were aware their monies would be transferred to a third-party bank account connected to the film investment opportunity, and that JLL was no longer to be connected with the matter. However, Ms Le Miere did not make sufficient efforts to ensure the conditions were adhered to in whole. In any event, the JFSC considers the conditions to have been insufficient for the circumstances presented.

- 3.2.9 In this regard, Ms Le Miere agreed exemptions to JLL obtaining certain documentation required with respect to the film investment opportunity. However, no rationale for this decision was documented by Ms Le Miere. Nor was the decision entered into an exceptions register, as required per JLL's policies and procedures. Even accounting for the exemptions applied by Ms Le Miere, inadequate documentation was received. This was not challenged by Ms Le Miere, and the decision to accept incomplete and inadequate documentation, below the agreed exemptions, was not documented.
- 3.2.10 Furthermore, documentation received by Ms Le Miere, in relation to the conditions, demonstrated the party on whom significant adverse information was held was intrinsically connected to the non-Jersey incorporated company which ultimately received the investor monies.
- 3.2.11 With reference to the onward transfer of funds, while noting some consideration was applied to the onward transfer and certain conditions sought, the JFSC considers Ms Le Miere did not give adequate consideration to whether there was a duty of care owed by JLL, as custodian of the money, to those members of the public who had made investments in relation to the film investment opportunity (taking account of the various 'red flags' present over the relationship – i.e. the customer relationship had never formally been taken on due to, in particular, adverse information in relation to a connected party and difficulties generally over the structure).
- 3.3 Ms Le Miere's conduct with respect to the film investment opportunity and all related parties lacked integrity and competence.

## 4 JLL

- 4.1 Following the issues identified by the reporting professional and, additionally, the JFSC, JLL implemented a significant remediation plan, including engaging additional staff, in order to remedy, within agreed timeframes and in collaboration with the JFSC, all identified issues and deficiencies. The issues and deficiencies identified and acknowledged by JLL included the following:
- 4.1.1 JLL's oversight of Ms Le Miere was ineffective.
- 4.1.2 JLL's systems and controls were inadequate and were frequently not followed.
- 4.1.3 JLL's compliance function was ineffective.
- 4.1.4 JLL breached a number of sections of the Code of Practice for Trust Company Business and/or other of its regulatory obligations on numerous occasions.
- 4.2 However, the JFSC has concluded Ms Le Miere's conduct, summarised at 3.2 above, was a significant contributory factor in the issues and deficiencies identified.
- 4.3 Subsequently, during 2016, JLL decided to sell its client book and has entered into an agreement to transfer its book to another regulated Jersey trust company business. Following the completion of the transfer process, JLL intends to revoke its trust company business registration.
- 4.4 JLL was open, transparent and candid with the reporting professional and the JFSC throughout the enquires with regard to all matters concerning the film investment opportunity and the failings identified within the business.

## 5 Conclusion

- 5.1 Following the investigation, the JFSC has concluded:
- 5.1.1 Ms Le Miere is not fit and proper to work in any capacity in or for any business regulated by the JFSC; and
  - 5.1.2 it is not appropriate for Ms Le Miere to work in any capacity in or for any Schedule 2 Business supervised by the JFSC<sup>3</sup>,  
without the prior consent of the JFSC.

## 6 Sanction

- 6.1 The JFSC has, therefore, concluded it is necessary and proportionate in all the circumstances that directions are issued to Ms Le Miere under Article 23 of the FS(J)L.
- 6.2 The directions prevent Ms Le Miere from performing any function at all for, engaging in any employment at all by, or holding any position at all in any business licensed to conduct financial services business in Jersey. Ms Le Miere has also been issued with equivalent directions under the other regulatory laws<sup>4</sup> and the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008.
- 6.3 The directions shall remain in force until such time as Ms Le Miere successfully applies to the JFSC, pursuant to Article 23(6) of the FS(J)L, for a variance or withdrawal of the directions.
- 6.4 Ms Le Miere will commit an offence, under Article 23(15) of the FS(J)L, in the event she fails to comply with the provisions of the directions.
- 6.5 Pursuant to Article 23(15A) of the FS(J)L, any person who allows Ms Le Miere to perform a function, engage in employment or hold a position knowing that such performance, engagement or holding is in contravention of the directions shall be guilty of an offence.

For further enquiries, please contact Barry Faudemer.

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<sup>3</sup> Businesses such as lawyers, accountants, estate agents, lenders and high value goods dealers.

<sup>4</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.