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Public notice concerning Invoke Accounts Limited (“IAL”)

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PUBLIC NOTICE CONCERNING A DIRECTION ISSUED BY THE ISLE OF MAN FINANCIAL SERVICES AUTHORITY UNDER SECTION 26 OF THE DESIGNATED BUSINESSES (REGISTRATION AND OVERSIGHT) ACT 2015 IN RESPECT OF INVOKE ACCOUNTS LIMITED (“IAL”) AND THE DE-REGISTRATION OF IAL UNDER SECTION 12 OF THE DESIGNATED BUSINESSES (REGISTRATION AND OVERSIGHT) ACT 2015.

Introduction

Designated Businesses are also commonly referred to as Designated Non-Financial Businesses and Professions or “DNFBPs”. The Designated Businesses (Registration and Oversight) Act 2015 (as amended June 2019) (“the Act”) came into force on 26 October 2015.

It should be noted, the Act does not make persons captured by its provisions financial services licenceholders of the Authority. The Authority’s role in licensing and supervising financial institutions is distinct and entirely separate from its role under the Act.

Designated businesses are registered and overseen by the Authority for AML/CFT compliance only – they retain their current status with the various bodies (if any) who are responsible for their wider business, competence or other matters, such as the Isle of Man Law Society, the ICAEW, ACCA, CIMA, the Office of Fair Trading.

1. Action

1.1. The Isle of Man Financial Services Authority (the “Authority”) makes this public statement in accordance with powers conferred upon it under section 27 of the Act.

1.2. The making of such public statement supports the Authority’s statutory objectives of, among other things, securing an appropriate degree of protection for customers of persons carrying on a regulated activity, reducing financial crime and maintaining confidence in the Isle of Man’s financial services industry.

1.3. Following an inspection of IAL by the Authority under section 14 of the Act, on 26 August 2020, the Authority identified a number of contraventions of the Anti-Money Laundering and Countering the Financing of Terrorism Code 2019 (“the Code”).

- The Authority makes this public statement to inform the public that:

1.4.1. On 18 December 2020 IAL acknowledged and accepted the findings identified by the Authority during the inspection carried out on 26 August 2020. IAL also provided the Authority with an initial review of remedial steps undertaken.

1.4.2. On 25 January 2021 the Authority issued IAL its final inspection report and requested that IAL carry out a gap analysis of the remedial steps undertaken against the contraventions identified in the inspection report, as the Authority was not satisfied at the time that the remedial steps had addressed all the contraventions identified in the inspection report.

1.4.3. On 2 February 2021 IAL provided the Authority with a gap analysis and further review of its client base as requested by the Authority. IAL notified the Authority of the remedial actions it had taken to date.

1.4.4. On 2 March 2021 IAL notified the Authority that it had ceased trading on 26 February 2021. IAL advised the Authority the decision to cease trading was made by the Shareholder of IAL for economic reasons and was unrelated to the ongoing review of IAL by the Authority.

1.4.5. The inspection process has not been completed, the Authority has therefore been unable to assess the remedial steps taken within and with respect to the business of IAL.

1.4.6. On 16 March 2021 a direction was issued to IAL by the Authority directing that from that date IAL does not establish any new business relationships or undertake any new occasional transactions (as such terms are understood and defined within the Code). Entities that have gaps in their AML/CFT processes are more vulnerable to financial crime. As a result, this step was deemed necessary to reduce any potential money laundering or financing of terrorism risk which could emerge from IAL continuing to carry on designated business while it was unclear if the aforementioned remedial steps had been completed. IAL acknowledged this direction on 19 March 2021.

1.5. IAL has de-registered under the Act on 26 April 2021.

1.6. Further details of the company and its officers are available online through the Isle of Man Companies Registry website: <https://services.gov.im/companies-registry>

2. Additional Background

2.1. IAL registered with the Authority as a registered person under the Act to carry on the designated business activities of an external accountant and a tax adviser.

2.2. On 15 August 2017 the Authority carried out an onsite inspection in respect of IAL in accordance with section 14 of the Act – this inspection identified a number of contraventions of the Code.

2.3. On 26 August 2020 the Authority carried out an onsite inspection in respect of IAL in accordance with section 14 of the Act – this inspection identified that IAL did not have adequate policies and procedures in line with the Code in order to assist with the prevention of money

laundering and terrorist financing. Therefore, the inspection by the Authority identified a number of contraventions of the Code.

2.4. As at 26 February 2021 IAL has informed the Authority that it currently has no customers or business relationships and it is no longer undertaking designated business in or from the Isle of Man.

2.5. It is noted that the Directors of IAL have engaged positively with the Authority, and in a timely and constructive manner, in relation to their attempts to remediate the contraventions identified during the Authority's inspection on 26 August 2020. However, the Authority has been unable to examine the remedial steps planned or implemented prior to the cessation of IAL's business and, therefore it cannot determine whether it is satisfied with IAL's compliance with the Code at this time.

3. Key Learning Points for Industry

3.1. Compliance with the Code is a legal requirement; the Authority is committed to taking appropriate and proportionate action to address contraventions of the Code.

3.2 There are a number of actions available under both the Act and the Code to address identified instances of non-compliance with the AML/CFT Code. Potential actions include the issuance of a direction and / or public statement as well as the issuance of civil or criminal sanctions under the relevant AML/CFT legislation. The particular circumstances of the relevant entity will determine the type of action taken by the Authority.

3.3. Active engagement and cooperation with the Authority provides the best possible opportunity to resolve matters in a timely and constructive manner and, where appropriate, to avoid further action by the Authority

3.4. The Authority will communicate ongoing matters when it is in the public interest to do so, for instance, where the Authority is not satisfied that a registered person is able to take the necessary steps to comply with the Code.

3.5. Any person who is not registered to carry on designated business in or from the Isle of Man is prohibited to do so under section 7 of the Act.



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