



Type of Order: DISCIPLINARY CONSENT ORDER

Date of Order: 8 June 2015

Committee name: INVESTIGATION COMMITTEE

Details of IP: Margaret Elizabeth Mills of London

Summary of complaint: The complaint was that:

1. On or before 13 August 2009, in circumstances where she should have known that the Independent Business Review (IBR) engagement may lead to a formal insolvency appointment, Ms Margaret Mills FCA failed:

(1) To ensure that Ernst & Young LLP disclosed to its prospective client, X, that neither she, nor any other Ernst & Young LLP insolvency practitioner, could accept any subsequent formal insolvency appointment and to provide the opportunity for X to withdraw instructions as a result of the disclosure of this impediment;

(2) As a consequence, to provide an opportunity for X to disclose the intended IBR engagement, and Ernst & Young LLP's impediment, to its secured creditors to allow the secured creditors the chance to object to X appointing Ernst & Young LLP;

The failure to take such steps meant that Ernst & Young LLP's acceptance of the IBR engagement was contrary to the Code of Ethics (part D for insolvency practitioners) and, in particular, paragraph 400.79 read with paragraph 400.2.

2. On or before 15 September 2009 Ms Margaret Mills FCA failed to take any, or any adequate, steps to prevent Ernst & Young LLP (a firm in which she was a principal) from accepting an engagement to carry out additional work for Y so

as to plan for the contingency of its administration (“the Contingency Planning engagement”) when she should have known that the engagement may lead to an insolvency appointment that would not be appropriate for Ms Mills or any insolvency practitioner at Ernst & Young LLP to accept.

The failure to take such steps to prevent the acceptance of the engagement was contrary to the Code of Ethics (part D for insolvency practitioners) and, in particular, paragraph 400.79 read with paragraph 400.2.

3. On or about 26 November 2009, Ms Margaret Mills FCA (a principal in Ernst & Young LLP) accepted the appointment as administrator of Y contrary to the Code of Ethics (part D for insolvency practitioners) and, in particular, paragraph 400.79 as Ernst & Young Societe Anonyme (which is associated to Ernst & Young LLP for the purposes of paragraph 400.9) had carried out audit related work for that company during the three years ended 26 November 2009.

4. Between on or about 26 November 2009 and 1 December 2011 in connection with her appointment as administrator to Y, Ms Margaret Mills FCA failed to make and/or retain sufficient records contrary to paragraphs 400.74 and 400.75 of the Code of Ethics (part D for insolvency practitioners).

Summary of sanctions:

With the agreement of Miss Margaret Elizabeth Mills the Investigation Committee made an order that she be severely reprimanded and fined £15,000.

The committee had regard to the Guidance on Sentencing and specifically the extracts of it brought to its attention. It considered that given there were sufficient indicators of a potential conflict issue and Ms Mills experience and position within Ernst & Young LLP, she should have evaluated what she knew and delved deeper into the conflict checking system to be sure that she could accept the appointment. As a licenced insolvency practitioner, she has to take personal responsibility for considering her ethical position. She bears a greater responsibility because, she was proposing to take (and took) a personal appointment. This was therefore a serious matter.

In mitigation however, it would appear that she relied solely on the firm’s systems (though she ignored what she in fact knew, had been told or otherwise should have known) and she was therefore misled. She had also admitted the complaint and was fully cooperative throughout.

Nevertheless, a Severe Reprimand was appropriate for a serious

complaint of this type together with a fine.