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IN THE MATTER OF A FINANCIAL MARKETS TRIBUNAL MATTER  
(HELD VIA VIRTUAL PLATFORM)

Case No. FMT21014

BETWEEN

MR GILLES ROLLET

Applicant

- and -

THE DUBAI FINANCIAL SERVICES AUTHORITY

Respondent

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- Before -

His Honour David Mackie CBE QC

Mr Ali Al Hashimi

Mr Patrick Storey

Day 3

Wednesday, 3 November 2021

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Ms Saima Hanif QC

appeared on behalf of the Applicant

Mr Simon Pritchard

appeared on behalf of the Respondent

1 P R O C E E D I N G S

2 (12.00 pm GST)

3 (Proceedings delayed)

4 (12.02 pm GST)

5 PRESIDENT: We are all present, so the position is it is up  
6 to Ms Hanif to introduce her next witness.

7 TECHNICIAN: I think she has an audio issue.

8 PRESIDENT: Would you ask her to revert to whatever she was  
9 doing last.

10 (Off record discussion)

11 MS HANIF: If I could call the final witness, which is  
12 Mr Rollet.

13 MR GILLES ROLLET (called)

14 PRESIDENT: Mr Rollet, I see you are there. Thank you for  
15 coming. You are here to assist us with your evidence.  
16 In order that we can all be clear that you understand  
17 the importance of it, I'm going to ask you to affirm and  
18 repeat after me the following.

19 I do solemnly and sincerely affirm.

20 WITNESS: I do solemnly and severely affirm.

21 PRESIDENT: That the evidence which I shall give.

22 WITNESS: That the evidence that I shall give.

23 PRESIDENT: Will be the truth, the whole truth and nothing  
24 but the truth.

25 WITNESS: Will be the truth, the whole truth and nothing but

1 12:04 the truth.

2 PRESIDENT: Thank you very much. If you would like to wait  
3 there will be some questions for you, Mr Rollet.

4 Examination-in-chief by MS HANIF

5 MS HANIF: We are going to look at your two witness  
6 statements, so if we can bring up bundle B, we will find  
7 your third witness statement at page 89. Scroll down to  
8 page 110.

9 Is that your signature?

10 A. Yes, it is.

11 Q. Can you confirm the contents of the statement are true  
12 and accurate to the best of your belief?

13 A. Yes.

14 Q. I want to look at your fourth witness statement, which  
15 can be found at page 145 in the bundle. Starts on  
16 page 145. If we scroll down to page 155, can you  
17 confirm that's your signature at the bottom of that  
18 page?

19 A. Yes, it is.

20 Q. And can you confirm that the contents of this statement  
21 are true and accurate to the best of your knowledge and  
22 belief?

23 A. Yes, they are.

24 Q. Thank you, Mr Rollet. If you stay there, there will be  
25 some questions for you from Mr Pritchard.

1 12:05 Cross-examination by MR PRITCHARD

2 MR PRITCHARD: Mr Rollet, if I could ask you to look at  
3 a document at C/127. What we have here is the  
4 La Tresorerie's regulatory business plan. If we scroll  
5 down slightly, still on page 127, so the bottom of the  
6 page you see that it is signed off by Mr Rollet,  
7 yourself. Can you see that?

8 A. Yes.

9 Q. You were involved in the drafting of this document,  
10 weren't you?

11 A. Yes, I was.

12 Q. If we could turn to page 142, please. At 142 -- this is  
13 all part of your regulatory business plan that you put  
14 together -- we see a slide that says "wealth/asset  
15 management: product/service offering".

16 So on this page you were explaining what services  
17 the firm provides, weren't you?

18 A. That's correct.

19 Q. Then we see "financial services, managing assets,  
20 arranging credit deals in investments, advising on  
21 financial products, arranging custody"; that's on the  
22 left-hand side, then on the right-hand side  
23 "product/service offering", and various bullet points in  
24 two columns; can you see that?

25 A. Yes, I see that.

1 12:07 Q. No mention anywhere on this document, is there, that the  
2 firm was offering a physical cash withdrawal service?

3 A. No, it is not mentioned there.

4 Q. If we could look at 156 of the document, please, so  
5 again it is still within the same business plan. Here  
6 you have described your role as the senior executive  
7 officer and the chief executive officer at the firm,  
8 haven't you?

9 A. That's correct, yes.

10 Q. And it says:

11 "Mr Rollet is the DFSA-authorized SEO of LT and  
12 reports directly to the board of directors. The SEO  
13 supervises the overall business activities of the  
14 LTL ..."

15 What does LTL mean?

16 A. La Tresorerie Limited.

17 Q. That's the firm. So the SEO supervises the overall  
18 business activities have the firm and its sport units,  
19 that's correct, isn't it?

20 A. That's correct.

21 Q. And you as SEO were responsible for deciding what  
22 services the firm did and didn't offer?

23 A. Together with my team, yes.

24 Q. And the -- this page is divided into two parts. The top  
25 part we have the text about yourself. Then the bottom,

1 12:09 or below that you have "major responsibilities of the  
2 SEO" underlined and a number of bullet points, can you  
3 see that?

4 A. Yes.

5 Q. And the second bullet point says:

6 "Formulates policies and planning recommendations to  
7 the BOD ... "

8 That's the board, isn't it?

9 A. Correct. It is the board.

10 Q. "... and decides and provides guidance to staff on  
11 course of action."

12 So it is correct, isn't it, that you were  
13 formulating policies and planning recommendations for  
14 the board; yes?

15 A. Yes.

16 Q. And you were deciding and providing guidance to staff?

17 A. Correct.

18 Q. In the fourth bullet point down says:

19 "Reports significant transactions, major decisions  
20 and activities to the chairman and the board."

21 Again, that is a correct description of what your  
22 job entailed, isn't it?

23 A. Yes.

24 Q. And the board only had two members, didn't it?

25 A. Yes. That's correct.

1 12:10 Q. One of the members was yourself?

2 A. Yes.

3 Q. And another person, either the shareholder or  
4 a representative of the other shareholder, yes?

5 A. Yes. Well there were only -- at first it was only  
6 myself and Sylvain Vieujot, who was the other owner of  
7 LT, and later on it was myself and our finance officer  
8 Josep Mestres.

9 Q. So in effect you were reporting to yourself and another  
10 individual, and at times that was another individual who  
11 was in the senior management executive team himself?

12 A. Yes. But just to be precise, Sylvain Vieujot had  
13 51 per cent of the company and I believe he left the  
14 board towards the middle of 2016.

15 Q. Thank you.

16 This bullet point you will recall said that you will  
17 be reporting significant transactions, major decisions  
18 and activities. To fulfil that role of reporting  
19 activities, you needed to have a knowledge of the  
20 activities that the firm were undertaking, didn't you?

21 A. Yes, again we are talking about significant  
22 transactions. Correct.

23 Q. I'm focusing on the activities. So it says significant  
24 transactions, major decisions and activities.

25 So you needed to know for example what services are

1 12:12 being provided by the firm so you could report them to  
2 the board?

3 A. Correct.

4 Q. The two bullet points down from that it says:

5 "Directs and manages the firm with the support of  
6 the executive management team."

7 Again that's correct, isn't it, you were directing  
8 and managing the firm with the support of your senior  
9 management team?

10 A. Yes.

11 Q. Going back up to the top box, where it has your own  
12 personal experience, I'm going to ask you some questions  
13 about what is said there.

14 Obviously this document was drafted in 2015. So at  
15 the time this document was drafted, it says you had  
16 27 years of banking experience, and it says that you set  
17 up Mirabaud's DIFC office from scratch. Yes? Is that  
18 correct?

19 A. That's correct, yes.

20 Q. And the plan -- and it says that you led Mirabaud's  
21 progression from being a category 3C firm to  
22 a category 1 firm. That's correct, isn't it?

23 A. Yes, from a strategic perspective that's completely  
24 correct.

25 Q. So going from a category 3C firm, La Tresorerie was

1 12:13 a category 3C firm, wasn't it?

2 A. Yes, it was.

3 Q. It is an asset management firm, is a category 3C firm,  
4 is a type of category 3C firm?

5 A. Yes. The same as LT.

6 Q. Yes. And category 1 firm, that's a bank, isn't it?

7 A. Yes, it is.

8 Q. So you led, or it says here you led the progression of  
9 Mirabaud from that category 3C firm to it becoming  
10 a bank, yes?

11 A. Yes.

12 Q. Before working there it says that you worked for  
13 ABN Amro, and again it says that you worked for them in  
14 relation to their application for a category 1 licence.

15 So were they applying for a banking licence?

16 A. Yes they were.

17 Q. And --

18 A. But it didn't proceed at the time. This happened after  
19 I left. I was involved in the early strategic  
20 discussions of moving ABN Amro from the Central Bank  
21 regulated environment to the DIFC environment. The  
22 actual work took place after I left ABN Amro.

23 Q. And the reason that firms have to be regulated is  
24 because they need a licence to carry out certain  
25 activities, isn't it?

1 12:15 A. Yes, of course. Yes.

2 Q. And those activities that they need a licence to carry  
3 out are defined within the regulatory framework, aren't  
4 they?

5 A. Yes.

6 Q. And you would have known at the time, given your  
7 27 years of banking experience, that it is very  
8 important that entities do not carry out tasks and  
9 activities that they are not licensed to carry out,  
10 wouldn't you?

11 A. Yes. Of course.

12 Q. When a firm applies for authorisation -- so for example  
13 Mirabaud when you say you were applying to go from  
14 category 3C to category 1, the firm must demonstrate to  
15 the regulator that it meets certain regulatory  
16 requirements, mustn't it?

17 A. Yes.

18 Q. And that includes, for example, requirements in relation  
19 to holding regulatory capital, doesn't it?

20 A. Yes of course, the capital is an important part.

21 Q. And for a bank, the regulatory capital requirements mean  
22 that it must hold at least \$10 million in regulatory  
23 capital, yes?

24 A. Yes, at least 10. Plus operational expenses.

25 Q. Whereas for an asset management firm, a category 3C

1 12:16 firm, that is not accepting deposits, their capital  
2 requirement is to hold \$500,000, isn't it?

3 A. That's correct.

4 Q. Other regulatory requirements include having in place  
5 anti-money laundering controls, doesn't it?

6 A. Yes of course.

7 Q. And regulatory requirements in relation to dealing with  
8 client money, yes?

9 A. Yes.

10 Q. The aim of client money rules is to keep client money  
11 safe, isn't it?

12 A. Correct.

13 Q. And you were familiar at the time of drafting this  
14 document with the fact that the client money rules  
15 required client money to be deposited in client  
16 accounts.

17 A. At custodians, correct.

18 Q. So they are client accounts and they are held within  
19 custodian banks, aren't they?

20 A. In a custody account, exactly.

21 Q. And custodians are authorised banks, aren't they? They  
22 are licensed banks?

23 A. Yes.

24 Q. And the asset manager, or the firm that decides to  
25 choose a custodian to hold its client money must assess

1 12:17 whether or not it thinks that custodian is suitable to  
2 hold client money, mustn't it?

3 A. Yes.

4 Q. And that is important because they are guardian of the  
5 client funds in that client account. It is an important  
6 process, isn't it?

7 A. Yes, of course.

8 Q. At the time of drafting this document as well, you would  
9 have been familiar wouldn't you that client money needed  
10 to be separated or segregated from a firm's own money?

11 A. Except to the fact that the revenues earned on the  
12 operation of the custody account accumulate in the  
13 custody account, but otherwise, yes.

14 Q. So revenue, so profits, you are saying, on the client  
15 money, is held within the client account, but otherwise  
16 it has to be segregated?

17 A. Correct.

18 Q. So operating expenses, for example, money for operating  
19 expenses should not be held in the client account,  
20 should it?

21 A. Absolutely.

22 Q. If we could just look at your witness statement. It is  
23 B/101. If we could look at paragraph subparagraph 4,  
24 you see it there on the screen (4).

25 The last sentence of that subparagraph says:

1 12:19 "LT's custodian account held client money as well as  
2 profits and operating capital of LT."

3 Now, isn't that describing the mixing of client  
4 money with the firm's operating money?

5 A. I think there is a typo there. It should have been LT's  
6 custodian accounts. Because at every custodian we had  
7 an operating account, and we also had the money holding  
8 the client's money, and the profits.

9 Q. So are you saying that at every custodian bank there  
10 were two bank accounts, one was the client account, and  
11 the other -- and there was another bank account which  
12 would have been La Tresorerie's operating bank account?

13 A. Not at every custodian, but at most custodians, yes.  
14 The majority of the custodians only held the client  
15 money as well as the profits. In one account.

16 Q. But you don't say here "LT's custodians also had an LT  
17 bank account", you say "The LT custodian account held  
18 client money as well as profit and operating capital".  
19 I'm struggling to see what the typo is?

20 A. This sentence should have read "LT's custodian's  
21 accounts", because there were several custodians, that  
22 is very clear from a number of the documents that we  
23 have, that LT was using Swissquote, was using Deutsche  
24 Bank, EFG and others, so this is in reference to the  
25 custodians of LT.

1 12:21 Q. Sorry, can you read what you say this sentence should  
2 say?

3 A. "LT's custodian's accounts". Should be plural.

4 Q. So "the custodian's accounts". You are not just talking  
5 about client accounts here?

6 A. No, well, we had -- the custodian accounts was holding  
7 client money as well as the profits. Okay? And  
8 separate to that we had a couple of custodians that were  
9 also holding operating accounts for LT. From which we  
10 were paying salaries, expenses. But this was a separate  
11 corporate account.

12 Q. Okay. If we could go back to the document that we were  
13 looking at, the regulatory plan, see 166, please.  
14 The -- it describes here at the top arrow, third bullet  
15 point down, it says:

16 "In year 2, LTL anticipates a total staff component  
17 of 12, covering the following functions ..."

18 So the work force at the firm was about 12 people,  
19 wasn't it?

20 A. Yes.

21 Q. When you were employed at ABN Amro, what was the  
22 proximate work force there?

23 A. ABN Amro, it was about 60 people.

24 Q. Yes, so this firm was a lot smaller operation than at  
25 ABN Amro, wasn't it?

1 12:23 A. Yes, but it was roughly the same size as Mirabaud.

2 Q. And if you look at the second arrow down it says:

3 "The SEO has responsibility for supervision and  
4 oversight of all the firm's employees ..."

5 So in relation to the 12 members of staff, your  
6 responsibility was to supervise them and to oversee  
7 their work, wasn't it?

8 A. Well, I mean in every organisation you supervise  
9 directly the heads of departments, and then the heads of  
10 departments supervise their own staff.

11 Q. If we could now go to page 137. Again, it is all in the  
12 same documents. Focusing first on the top arrows, and  
13 on the right-hand side there is a box that talks about  
14 the custodians. And it says:

15 "LT arranges custody. The firm offers its clients  
16 to open accounts. The firm has several global  
17 custodians, Deutsche Bank, EFG ..."

18 Is that Shuaa Capital?

19 A. Yes.

20 Q. "... and Dubai Islamic Bank where all the clients funds  
21 are deposited and held."

22 So you were saying in this presentation that all of  
23 the clients' funds were held in the custodian banks,  
24 weren't you?

25 A. Yes.

1 12:25 Q. And then it goes on to say:

2 "LTL uses its portfolio management tool,  
3 Atrium System, to segregate the client portfolios to  
4 produce account statements. The firm does not hold any  
5 client funds on the balance sheet and does not accept  
6 deposits."

7 Now, first, the not holding any client funds on its  
8 balance sheet, that reflects the client money rules,  
9 doesn't it?

10 A. Yes, because we were not a deposit taking organisation.

11 Q. Indeed. And you were not a bank, were you?

12 A. Correct.

13 Q. If we could now go to another document. I'm going to  
14 take you to the letter from the DFSA in April 2015. It  
15 is at C/96. We see this letter has been addressed to  
16 you as CEO. It is addressed to you because you are  
17 ultimately responsible for the firm, aren't you?

18 A. Yes.

19 Q. It is a long letter, but if we could go to the second  
20 page of the letter, please. And you will see the box  
21 that says "Overall conclusions" says there:

22 "La Tresorerie has significant deficiencies in its  
23 compliance and AML framework that require the immediate  
24 attention of senior management and significant  
25 remediation action. These deficiencies have already

1 12:27 resulted in several breaches of the DFSA's rules and in  
2 loss to the firm."

3 So here the DFSA were communicating to you that they  
4 had found major deficiencies at the firm, weren't they?

5 A. Yes. Significant deficiencies. Yes.

6 Q. They were putting you on personal notice of these  
7 issues, weren't they?

8 A. I don't understand what you mean by personal notice.

9 Q. This letter was written to you personally as the SEO, to  
10 notify you of these significant deficiencies of the  
11 firm.

12 A. Right.

13 Q. You were being put on personal notice by the DFSA.

14 A. Yes, I mean the correspondence between the DFSA and any  
15 regulated firm is always with the SEO.

16 Q. But they were saying the SEO, you, need to take action  
17 and to remedy this situation, weren't they?

18 A. Yes, correct. Which we did.

19 Q. If we could go further down the letter. We see  
20 "compliance resources" -- sorry "compliance  
21 arrangements". And just reading that text, it says:

22 "In respect of the resources available to the  
23 compliance function, the compliance officer is currently  
24 outsourced to Etime Consulting and is employed on  
25 a short-term basis only. The compliance officer is

1 12:28 presently employed for approximately 10 hours per  
2 week ..."

3 So that was describing Toni Morgan, wasn't it?

4 A. At that time, yes.

5 Q. And at this time, which is April 2015, they were saying  
6 she is only working 10 hours a week.

7 A. Yes. In April.

8 Q. Then at the end of the paragraph it says:

9 "All of the compliance officer's time is currently  
10 spent in the onboarding of clients. Given her allocated  
11 time spent in the firm's office there is very little  
12 time afforded to compliance, advisory, monitoring and  
13 reporting related activities".

14 So you were being alerted to the fact that your  
15 compliance officer in your compliance department was  
16 spending more time on onboarding and not being able to  
17 engage in the other activities described here?

18 A. Yes.

19 Q. If we could then turn to page 99. Issue 5 talks about  
20 "Communication of information, marketing information and  
21 client agreement", and at 5(b), the DFSA say:

22 "It was noted during the assessment that the firm  
23 continues to use the terms 'banking' 'private bank', and  
24 'bank', across various marketing materials. The issue  
25 was emphasised during the DFSA licensing process."

1 12:30 Then skipping to the last sentence of that paragraph

2 at (b):

3 "However, during the risk assessment it was noted  
4 business cards, a marketing brochure and other marketing  
5 materials continues to be used with the term 'private  
6 bank'."

7 So the DFSA was telling you, wasn't it, that the  
8 firm has wrongly been marketing themselves as a bank to  
9 its clients, yes?

10 A. This is what they are saying, yes.

11 Q. Well, it was right, wasn't it, that there were business  
12 cards and marketing brochures and other marketing  
13 materials that were using the term "private bank"?

14 A. I remember mainly private banking. I don't remember  
15 private bank.

16 Q. But --

17 A. Okay, this is six years ago.

18 Q. Yes. La Tresorerie was not a bank, was it?

19 A. No.

20 Q. And the DFSA here is saying: look, we are concerned with  
21 how you are marketing your services to your clients; do  
22 you accept that?

23 A. Yes.

24 Q. Then if we could turn the page to C/100. And look at  
25 issue 8, client money. The DFSA say:

1 12:31 "During the assessment it was noted that on at  
2 least 2 occasions during the period from Q2 2014 to Q1  
3 2015, client money was deposited in cash directly into  
4 the firm's bank account as opposed to a client account  
5 at the respective third party bank. The firm whilst  
6 holding or controlling client money is required to pay  
7 client money into one or more client accounts within one  
8 day of receipt as per [the rule]."

9 So there was a concern here expressed to you that  
10 the firm had been breaching the client money rules,  
11 wasn't there?

12 A. Yes, and this was reported voluntarily by Toni Morgan  
13 and myself to the two officers of the DFSA. Prior --

14 Q. And it was reported -- sorry --

15 A. Prior to this letter being issued we volunteered the  
16 information to the DFSA. And this is also why the firm  
17 embarked on an exercise to define exactly the deposit or  
18 depositing physical cash into custodians. The method  
19 for that. And this was embedded in our compliance  
20 manual as well. Which was reviewed by the DFSA later  
21 on.

22 Q. This letter is dated April 2015. Following this letter,  
23 you engaged Jennifer Adams, didn't you?

24 A. Absolutely.

25 Q. And you engaged PWC?

1 12:33 A. Yes.

2 Q. If we could look at the PWC engagement letter, it is 113  
3 of the bundle, dated 19 April 2015. And I'm going to  
4 specifically take you to the third page of the letter.  
5 And there is a section called "Limitations" and it says:

6 "In general terms our work in the areas above will  
7 involve reviewing all relevant existing policies,  
8 procedures, documentation and controls."

9 So PWC's work included reviewing policies and  
10 procedures that were in place, didn't it?

11 A. Yes, absolutely. And help develop them, yes, and  
12 perfect them.

13 Q. And in order for it to know what procedures, or  
14 processes were in place at the firm, PWC would need to  
15 have been told by the firm "this is the process we  
16 have", or "this is the policy that we have in place",  
17 yes?

18 A. Correct.

19 Q. Looking back at the letter and "Limitations", after the  
20 longer paragraph there is a second paragraph that says:

21 "We will not be responsible for day-to-day  
22 compliance matters during our work."

23 Do you see that?

24 A. Yes.

25 Q. PWC was not accepting responsibility for ongoing

1 12:35 compliance matters, was it?

2 A. That's what it says, yes. Yes.

3 Q. And in due course we'll come on to the transaction  
4 monitoring process. But PWC was not accepting  
5 responsibility for day to day transaction monitoring,  
6 was it?

7 A. Not for day-to-day transaction monitoring work. They  
8 were responsible for developing the transaction  
9 monitoring programme, testing it, and implementing it.  
10 And then the responsibility was with the firm.

11 Q. PWC's major work at the firm --

12 A. As --

13 Q. -- was in relation -- I'm sorry. PWC's major work at  
14 the firm was in relation to onboarding -- sorry, know  
15 your customer checks --

16 PRESIDENT: Just one second. Mr Pritchard, I think  
17 Mr Rollet was speaking.

18 MR PRITCHARD: Apologies.

19 PRESIDENT: Had you finished, Mr Rollet?

20 A. Yes, I finished, thank you very much, sir.

21 MR PRITCHARD: Apologies, Mr Rollet, I didn't hear if I was  
22 overspeaking.

23 PWC's major activity at the firm was reviewing  
24 client files to check they had complied with anti-money  
25 laundering rules, wasn't it?

1 12:36 A. No, it was not. We can go to C/98 of the same letter,  
2 page 98 of this bundle, which is their scope of work.

3 Q. No doubt in re-examination your counsel may take you to  
4 other documents. But PWC's work included reviewing 600  
5 client files, didn't it, to check that KYC checks had  
6 been done?

7 A. It was part of their work, but definitely not the entire  
8 work. They had to review our -- all of our manuals, the  
9 compliance manual, they had to review the AML manual,  
10 they had to review all the compliance related  
11 procedures. They had to work on the transaction  
12 monitoring programme, perfect it, the scope of work  
13 again in the same letter is much more extensive than  
14 just reviewing client files.

15 And we paid PWC in excess of \$700,000, so I don't  
16 think we would have paid that for reviewing only client  
17 files.

18 Q. If we could now go to page 317 of the bundle. This is  
19 now July 2015. And the DFSA are writing to you  
20 personally again. In the second paragraph they say:

21 "At the meeting you provided the DFSA with an update  
22 on the status of the remediation of those customers  
23 referred to as 'pending clients'."

24 Then it says:

25 "I also refer to the meeting on 7 July when the

1 12:38 matter regarding an SAR in respect of one of the pending  
2 clients was brought to our attention."

3 This was about some of the firm's clients who were  
4 yet to pass the firm's onboarding process having active  
5 accounts, wasn't it?

6 A. The accounts were not active. So, sorry, there are two  
7 issues here. The first one is regarding to pending  
8 clients. Pending clients were clients who we had agreed  
9 with the DFSA to stop onboarding clients, but some  
10 clients had already sent their client application files,  
11 and in a few cases some clients, because they were  
12 managed by their independent asset managers, who had our  
13 custodian accounts, had sent money on these accounts.  
14 The second part is the SAR which as filed because there  
15 was a transaction from an existing onboarded client to  
16 Nigeria. And we reported that particular transaction as  
17 our compliance review showed that we had some doubts as  
18 to the validity of that transaction.

19 So these are two different issues.

20 Q. Focusing on the first issue. So the first issue is that  
21 you have clients who have not had their KYC and AML  
22 checks completed, whose money is paid into the firm's  
23 client account, that's the issue, isn't it?

24 A. That is the issue, and there was a procedure agreed with  
25 the DFSA to deal with that.

1 12:40 Q. Obviously we have seen -- the DFSA wrote to you in April  
2 saying "we have concerns with this firm and their  
3 systems", putting you on personal notice. Now in July  
4 we are hearing you are being told that there is now  
5 a problem with money going into the client account  
6 before KYC checks have been processed. Was it quite  
7 alarming for you as CEO of this company to discover  
8 there was another issue with compliance?

9 A. Of course it was, but we identified the issue thanks to  
10 our review and we understood also why this issue was  
11 happening. Most of our clients were being introduced by  
12 independent asset managers who were giving instructions  
13 to their clients to send funds to LT, and this is why  
14 some money arrived earlier than it should have, and the  
15 accounts were immediately blocked, this money was not  
16 used by the clients, pending a few days of onboarding  
17 procedures.

18 And then if the onboarding was not complete by  
19 a certain date, we had a procedure that said that the  
20 money had to be returned.

21 Q. Going --

22 A. And it happened several times. We returned the money of  
23 many many clients, in that situation.

24 Q. If we go to the letter, page 319, the DFSA explain  
25 explained that:

1 12:42 "The actions undertaken by the firm and/or the  
2 customer or third parties regarding these customers,  
3 referred to as pending clients, specifically the funding  
4 of client accounts or transaction active on these  
5 accounts may amount to a contravention of the DFSA's AML  
6 module."

7 So your regulator was telling you your firm may have  
8 breached DFSA rules, wasn't it?

9 A. Yes.

10 Q. And as the SEO of the firm, that was a particularly  
11 significant issue to be notified of, wasn't it?

12 A. Yes, of course.

13 Q. If we could now go to 865, we have a further letter from  
14 DFSA dated 24 January 2016, and here the DFSA are  
15 communicating the outcome of the risk assessment of the  
16 firm, and if I could take you to the second paragraph of  
17 the letter, starting on the right-hand side of the  
18 letter, three lines down, you will see "However"?

19 A. Sorry, which paragraph are you looking at? Oh, yes,  
20 I see it.

21 Q. It says:

22 "However, we noted significant deficiencies in the  
23 firm's approach to onboarding clients, both in terms of  
24 general conduct of business issues and in terms of  
25 combating financial crime."

1 12:44 Then the paragraph below, second sentence:

2 "As you will see, we continue to have a number of  
3 concerns and we consider that the firm has contravened  
4 certain rules of the anti-money laundering,  
5 counter-terrorist financing and sanctions (AML) and  
6 conduct of business (COB) ... of the DFSA Rulebook."

7 So third letter now. DFSA are telling you there are  
8 still issues at this firm, aren't they?

9 A. Yes, which is exactly why we were continuing to retain  
10 PWC to help us with these issues.

11 Q. And this was eight months after the first letter from  
12 the DFSA saying: SEO, there are significant deficiencies  
13 at this firm; yes?

14 A. Yes, that's correct. But given the number of clients,  
15 it is not something that you can resolve overnight.  
16 I believe in April we had about 150 clients. By the  
17 date of this particular letter we were probably -- we  
18 probably had 300 clients. So the onboarding was quite  
19 rapid.

20 Q. And the onboarding -- when you say the onboarding, you  
21 were rereviewing the onboarding of all these 300 plus  
22 clients?

23 A. Plus doing the new ones, exactly.

24 Q. And for some of these clients you didn't have a direct  
25 relationship as a firm because your relationship was

1 12:45 with the person who had introduced the client to the  
2 firm?

3 A. Yeah, with the independent asset managers, correct.

4 Q. So for each of those 300 plus clients, the firm had to  
5 build a relationship with the client, and then taken the  
6 relevant documentation?

7 A. Very often we relied on the independent asset managers  
8 to help us with that particular work.

9 Q. Now --

10 A. And there are numerous emails in the bundle addressed to  
11 our client team which was forwarding these emails to the  
12 asset managers requesting for various information.

13 Q. That was work being led by PWC acquiring the relevant  
14 information?

15 A. Yes, all the client files were being reviewed by PWC and  
16 PWC was issuing emails to the client team after their  
17 review, as to what was needed for each file. And then  
18 the client team went out to obtain all this information.

19 Q. Turning now to the genesis of the physical cash service.  
20 The physical cash service originated because some of  
21 your clients asked for it. That's where it started,  
22 isn't it?

23 A. Yeah, both Shamim Adam and Mark Henny had the need for  
24 their clients.

25 Q. So the clients were after a service that would give them

1 12:47 access to physical cash; is that how it was described to  
2 you by Mr Henny and Ms Adam?

3 A. Yes.

4 Q. Were the clients after a service that would be provided  
5 by a private banking company?

6 A. They generally needed to use their cash. We didn't have  
7 credit cards, so that's why they asked for physical cash  
8 instead.

9 Q. And as a growing business -- and the CEO of a growing  
10 business, you were keen to meet the demands of your  
11 clients?

12 A. Yes, I was keen, and -- but I knew also that this was  
13 a very limited number of clients, and not part of the  
14 overall activity of our firm.

15 Q. If the firm was going to provide clients with physical  
16 cash then the firm needed to get hold of that physical  
17 cash itself, didn't it?

18 A. That's correct.

19 Q. Because you didn't have a bank vault. You were not  
20 a bank, you weren't a deposit-taker?

21 A. Yes, so we had to go through the custodians.

22 Q. So you asked the custodian banks whether they would  
23 allow clients to withdraw physical cash from the client  
24 accounts, and they said no, didn't they?

25 A. No, that's not true. One of them said yes. DIB said

1 12:48 yes. And DIB was used for physical cash deposits and  
2 withdrawals. That's in the version 1.6 transaction  
3 monitoring programme on C/1743. And you will see on the  
4 appendix, bundle C/1752, the mention of DIB. Performing  
5 that particular function.

6 Q. In interview, you were asked whether the -- you were  
7 asked whether the custodians allowed the physical cash  
8 service -- sorry, allowed physical cash to be withdrawn  
9 and you said no. You said that you approached another  
10 custodian and had initial discussions, but those  
11 discussions didn't progress. Can you recall that?

12 A. That's correct. And that is because the DIB service  
13 didn't last very long. It lasted for a while, at least  
14 during the time that the TMP was issued, so at least  
15 until October 2015. However, after that, DIB did not  
16 deliver cash anymore. And that's the context of my  
17 comments about the custodians not giving cash.

18 Q. Bear with me Mr Rollet.

19 Could you please turn to D/1070.

20 Perhaps if we start at the bottom of 1068. This is  
21 the bit in the interview where you are discussing this  
22 issue. You say:

23 "Okay, so I recall there were two of our asset  
24 managers who were interested in that service to their  
25 clients, and it was Mark, Mark Henny, and Shamim Adam.

1 12:52 So, of course we needed to find a way to access cash and  
2 our first port of call was to talk to outside custodians  
3 so -- because the cash was with the custodians. So we  
4 talked to you all of them, so Deutsche, to EFG, to  
5 Swissquote, and none of them were providing that  
6 service. So we could not take cash out of our custody  
7 account with Deutsche, with EFT or with Swissquote, and  
8 we checked that with all of them."

9 Was that correct when you said that?

10 A. No, this was not correct. I forgot that we had DIB  
11 providing that service.

12 Q. If we could then go on to 1070. And then line 14 you  
13 say:

14 "Okay, so then we tried to look for -- so  
15 I re-approached Emirates NBD to see if we could have  
16 a custody account at Emirates NBD, because Emirates NBD,  
17 they had the ability to give cash."

18 Can you recall approaching this custodian, saying  
19 "Can you give us physical cash?"?

20 A. Yes.

21 Q. Why did you approach Emirates NBD if you already had  
22 a custodian who was giving you physical cash?

23 A. I think I approached Emirates NBD after DIB was not  
24 there anymore, was not offering this service anymore.

25 Or -- I tend to forget, but I think Emirates -- DIB

1 12:53 starting giving us only US dollars and not euro at some  
2 stage. Maybe it is at that time that I approached  
3 Emirates NBD, I forget. But there was a deficiency in  
4 the service offered by DIB and that's why I approached  
5 Emirates NBD.

6 Q. Then you say:

7 "In relation to Emirates --"

8 A. (Overspeaking) my finance team of course.

9 Q. "However, opening the custody account was a very long  
10 process which was not successful in the end."

11 Focusing on the custodians that said to you "No, we  
12 are not going to give you physical cash", they said to  
13 you they wouldn't give you physical cash because there  
14 was a distinction between retail banking and providing  
15 custodian services; that's correct, isn't it?

16 A. Yes.

17 Q. Was the fact that those custodians were telling you that  
18 they couldn't give you physical cash from the client  
19 accounts a warning signal that perhaps it was not  
20 appropriate to be supplying physical cash to your  
21 clients?

22 A. No, it was not a warning signal. It is common in  
23 banking that the custodians are engaged in an  
24 institutional relationship with their clients. So as an  
25 institution they don't provide physical cash to the

1 12:55 institutions they deal with. The custodian operations  
2 of large banks such as Deutsche, for example, don't have  
3 a cash operation. In that particular office. Or in  
4 that particular building where they have their custodian  
5 operations.

6 Q. Yes. And to have a cash -- a physical cash offering,  
7 there are additional controls that need to be in place.  
8 Anti-money laundering controls being just one of them,  
9 yes?

10 A. Yes, and they provide that serve to their corporate  
11 accounts, and to their retail accounts.

12 Q. Yes. And --

13 A. So --

14 Q. And providing physical cash is a retail activity, not  
15 a commercial activity, isn't it?

16 A. No, it can also be a commercial activity, because  
17 companies do also need cash at times, and through their  
18 corporate account they obtain cash from their banks.

19 Q. Would you accept that physical cash is a higher risk  
20 activity to be dealing in?

21 A. It is a higher risk activity. One of the high risk  
22 activities, yes.

23 Q. If we could go please to C/92.

24 This is the first documentary evidence of the cash  
25 withdrawal service in operation at La Tresorerie, and it

1 12:56 is dated February 2015. 19 February 2015. It is the  
2 first cash repeat we have. This is a receipt  
3 documenting that a client has received physical cash,  
4 isn't it?

5 A. Can I see the full receipt, please?

6 Q. Yes, of course. If we could scroll down, Mr Rollet, it  
7 says there "amount: EUR 9,500 (nine thousand five  
8 hundred only in cash)."

9 A. Yes, correct.

10 Q. And this is dated February 2015. At this point in time  
11 the physical cash withdrawal process worked by money  
12 being transferred from the firm's client account to  
13 someone's personal bank accounts and that person then  
14 acquiring the physical cash, didn't it?

15 A. I forget the exact day, it could have been through DIB  
16 at that stage.

17 Q. This is in February 2015, so this is before the firm had  
18 engaged PWC isn't it?

19 A. Yes, correct, yes.

20 Q. So PWC had no involvement at all in the design of  
21 whatever process generated this cash withdrawal, did  
22 they?

23 A. No, we asked them to review the process once they  
24 joined. From April --

25 Q. And --

1 12:58 A. April 2015 onwards.

2 Q. And this was also before Jennifer Adams joined the firm,  
3 wasn't it?

4 A. Yes it was.

5 Q. So she was not involved at all with the design of the  
6 process by which this cash withdrawal took place?

7 A. In the initial phase, no. She became actively involved  
8 in it from the time she joined.

9 Q. When in February, or around February, you authorised  
10 this process to take place, you didn't receive any  
11 advice as to the legality or regulatory compliance of  
12 that process, did you?

13 A. No I did, because compliance was aware of it.

14 Q. Sorry, you received advice from who? Toni Morgan, are  
15 you saying?

16 A. I think it was Toni at that time, yes.

17 Q. Was that advice recorded in writing?

18 A. I don't have access to my email, so I don't know about  
19 this.

20 Q. Could we go to page 249 of the bundle, if we start at  
21 the bottom of the page, we have an email from  
22 Frank Smith to you, and he says "Hi Gilles", and the  
23 last sentence of the email I want to take you to:

24 "I would need a bank withdrawal by cash in the  
25 amount of 30,000 Swiss francs."

1 13:00 So Mr Smith is making a direct request to you to  
2 make a cash withdrawal, isn't he?

3 A. Yes.

4 Q. So you were the person that he contacted when he wanted  
5 physical cash?

6 A. On that particular occasion.

7 Q. And then if we go to the top of the email chain, we see  
8 he has emailed you, copying in some of your staff,  
9 saying:

10 "Dear Gilles,

11 I met earlier today both Anastasiia and Samar ...

12 I was really surprised to find out that my subject  
13 withdrawal had not been prepared."

14 So now he was complaining to you when he could not  
15 get his physical cash, wasn't he?

16 A. Yes. Can I see his initial email again?

17 Q. Yes, of course. It is at the bottom of the page.

18 A. Yes. If we can scroll down.

19 Q. I should say, in the good old days in rooms together,  
20 one would have a piece of paper in front of one.

21 A. That would be quite nice.

22 I can already tell you, because I see it is May  
23 29th, my answer. So I think it would have been  
24 extremely difficult between Friday, which was a holiday  
25 in the UAE, to arrange cash for this gentleman.

1 13:01 Q. I see. But when he does not receive the cash he  
2 complains to you?

3 A. Yes. And he copies Anastasiia and Samar, I see.  
4 Because he met with them.

5 Q. Looking at some further documents in the cash withdrawal  
6 file, if we could go to 1725. As I say, this document  
7 comes from the cash withdrawal file. But the cash  
8 withdrawal file was a file that the firm retained which  
9 contained all the documents regarding physical cash  
10 withdrawals, didn't it?

11 A. Yes, that's right, yes. It was held in a physical file.

12 Q. So here we have a document from Deep Forest Limited.  
13 Dated 8 June, and if we scroll down to see the content  
14 of the document. It says:

15 "Dear sirs,

16 By the debit of the above mentioned account, could  
17 you please remit the sum of CHF15000, as per the  
18 following instructions ..."

19 Then it says.

20 "... with, La Tresorerie Limited - at your counter."

21 Now, a counter is a front desk that is often at  
22 a bank, isn't it?

23 A. Yeah, I mean it can be a number of things, a counter.

24 Q. La Tresorerie didn't have a counter though, did it?

25 A. No, but we didn't prepare this letter either.

1 13:03 Q. No, but your client did?

2 A. Yeah, our client did.

3 Q. And so the client is asking for 15,000 Swiss francs.

4 If we could then go to 1726. This is the client  
5 confirming receipt of those 15,000 Swiss francs, isn't  
6 it?

7 A. Yes. That's the cash receipt.

8 Q. Dated 6 August. Now, if we go to the next page, 1727,  
9 here we see a document headed "La Tresorerie Limited" to  
10 Dubai Islamic Bank, yes?

11 A. Yes, that's correct.

12 Q. And it is for 15,700 Swiss francs, yes?

13 A. Yes. Correct.

14 Q. And it is in relation to the custody account. So it is  
15 in relation to the client account at Dubai Islamic Bank,  
16 isn't it?

17 A. Where do you see that?

18 Q. Under IBAN number, it has a long number and then it says  
19 custody account CHF.

20 So at the top of the page, seven lines down?

21 A. I see now.

22 Q. This is money leaving the firm's client account, yes?

23 A. Yes, correct.

24 Q. And it is 15,700 francs. So is this 700 francs -- why  
25 is it 15,700 not 15,000?

1 13:05 A. Almost, I don't recall. 15,700 ...

2 Q. And then if you go down the page we see where this money  
3 has been transferred to, it has gone to the beneficiary  
4 account of Ms Aouad, yes?

5 A. Yes, correct.

6 Q. So it has gone to her HSBC account in Bur Dubai?

7 A. Yes, that's correct.

8 Q. And then you -- and then under details and purpose of  
9 payment, it is a reimbursement, isn't it?

10 A. Almost: I see this, yes.

11 Q. So she is being reimbursed the 15,000 Swiss francs that  
12 have been handed over to your client, hasn't she?

13 A. Yes, that's correct. Because by that time we had  
14 a procedure in place to be able to take cash from  
15 employees' accounts. That's in TMP version 2.1.

16 Q. Well, no, that -- 2.1 is dated September 2015. We'll  
17 come to the TMPs, I'm just trying to understand what  
18 this document is, and it is dated June 2015. But this  
19 document is showing that 15,000 Swiss francs is being  
20 transferred from the client account to your employee's  
21 account, and your employee has withdrawn that cash and  
22 it has been handed to a client; that's what happened,  
23 isn't it?

24 A. Yes. And there was a procedure in place for that.

25 Q. Yes. And you have signed it. You approved and

1 13:07 authorised this transaction?

2 A. Well, I signed it because I was the one signing for DIB  
3 account.

4 Q. Yes. But you knew what this transaction was for, you  
5 knew why you were signing it?

6 A. Yes. I knew and so did Jennifer Adams and so did  
7 compliance. There was a procedure in place and  
8 compliance and Jennifer Adams had agreed that this was  
9 the way to provide cash to the clients.

10 Q. Would Ms -- sorry, I'm being horrendous with  
11 pronunciation as always. How does one pronounce her  
12 surname?

13 A. Ms "Aouad".

14 Q. Would Ms Aouad go personally to her bank account at HSBC  
15 and withdraw these 15,000 Swiss francs?

16 A. Yes.

17 Q. She would bring them back to La Tresorerie's offices,  
18 would she?

19 A. Yes, that was probably the case. That she would bring  
20 it back to La Tresorerie and meet with the client and  
21 give them the 15,000 requested.

22 Q. Now, the custodian bank we have seen is called  
23 Dubai Islamic Bank, we saw at the top.

24 A. Correct.

25 Q. And you said previously the Dubai Islamic Bank were

1 13:09 offering a service whereby they allowed physical cash to  
2 be withdrawn direct from the custodian accounts. Having  
3 looked at this document now, is it still your case that  
4 Dubai Islamic Bank were offering that service? Or in  
5 fact were Dubai Islamic Bank requiring money to be  
6 transferred to employees?

7 A. No, they offered that service for a while, in euros and  
8 dollars. Not in Swiss francs as far as I remember. So  
9 this is probably why it went to Samar's account. In  
10 line with a procedure that had been put in place by  
11 Jennifer Adams and compliance.

12 Q. If we could go now to page 516. Here we have a cash  
13 withdrawal template. This was the type of document that  
14 was completed to record withdrawals that were taking  
15 place, not just physical cash withdrawals but any cash  
16 withdrawals, isn't it?

17 A. Yes, I was used both for physical and non-physical cash.  
18 Yes. Wire transfers.

19 Q. If we just look at the bottom of the page there is  
20 a signature. I just want to check that is your  
21 signature. That's your signature there, isn't it?

22 A. Yes. Correct.

23 Q. And it says "name of reviewer", and your typed name. So  
24 would you have typed this document?

25 A. Very seldom. I probably signed -- this was usually

1 13:11 signed by compliance.

2 Q. But you have signed this one, and it says your name  
3 written electronically. Would you have drafted this  
4 document?

5 A. No, client services would have drafted it.

6 Q. If we go back to the top of the page, we see the client  
7 number is 800219. And it says:

8 "Cash withdrawal by the beneficial owner who will  
9 need it to set up a company and purchase of the house."

10 It is 100,000 euros for the company, 50,000 euros  
11 for the purchase of the house for his wife.

12 That is given as the reason of the withdrawal. When  
13 you signed it, can you recall enquiring at all why  
14 someone needed 100,000 euro in cash to set up a company?

15 A. No, I don't recall this.

16 Q. Wouldn't you normally expect commercial transactions to  
17 be done electronically?

18 A. If it was in Dubai, for example, a lot of houses at the  
19 time and apartments were paid in cash. So that's not  
20 completely unusual.

21 Q. That's the purchase of the house. I'm asking about the  
22 need to set up a company. Why would you need  
23 100,000 euro in cash to set up a company?

24 A. I forget this particular instance.

25 Q. In the box below, the question is asked, "Is the

1 13:13 withdrawal in line with the customer's profile", and  
2 then it says "consider the amount, frequency,  
3 destination", then it says "the payment is a withdrawal  
4 of personal expenses".

5 But that contradicts what is in the box above, which  
6 says the payment is for setting up a company and  
7 purchasing a house. Can you see that?

8 A. Well, you could consider that setting up a company is  
9 for personal purposes. And purchasing a house is  
10 a personal expense as well.

11 Q. Is it? But setting up a company is not a personal  
12 expense is it?

13 A. If it is personal company, why not? We had a lot of  
14 clients who were setting up personal companies to hold  
15 their assets, for example.

16 Q. Yes, but you would do that with an electronic transfer.  
17 Why would you need physical cash to set up a company if  
18 it is going to hold your assets?

19 A. I don't recall this transaction. I'm sure there was  
20 some reason for it, and -- but I don't recall this  
21 particular transaction.

22 Q. But at the time you signed it -- at the time you would  
23 have looked at this, would you have asked questions of  
24 the client to understand these transactions?

25 A. I would have asked client service.

1 13:14 Q. So that's Anastasiia and Samar?

2 A. Correct, yes. They were in touch with the clients on  
3 these kind of things.

4 Q. So it was Anastasiia's job to speak to the clients and  
5 carry out appropriate checking that their explanation as  
6 to why they wanted physical cash was a good explanation;  
7 that was her role was it?

8 A. Yes, it was. And Samar, yes.

9 Q. She was very junior, wasn't she?

10 A. She was junior, but she was working very well, and she  
11 performed her tasks.

12 Q. We have seen the signature at the bottom. There is your  
13 signature, there is no signature or statement saying it  
14 has been reviewed by compliance?

15 A. I'm sure it would have been reviewed by compliance and  
16 signed off by compliance, because anything above  
17 \$100,000 had to be signed off by compliance.

18 Q. Is it not peculiar that the documentary record that the  
19 company has chosen to keep for this transaction does not  
20 have a signature saying compliance have signed this off?

21 A. This is probably a copy before it was given to  
22 compliance.

23 Q. No, this is the only copy from the withdrawal file, and  
24 if I'm wrong my learned friend will no doubt bring --  
25 show you another document in re-examination. But why

1 13:16 would the company have kept one that didn't say that  
2 compliance have reviewed it?

3 A. There would have been another one signed off by  
4 compliance. Otherwise this transfer would not have gone  
5 out: this money would not have been paid.

6 Q. Irrespective of compliance's review --

7 A. Hold on. Hold on, because what you are saying is this  
8 particular document says cash withdrawal by the BO. Why  
9 do you say it is a physical cash withdrawal?

10 Q. I'll take you to that now. I will take you to the next  
11 document. Before doing so, can I just confirm that by  
12 signing this document you were taking some  
13 responsibility for the transaction, weren't you?

14 A. Yes.

15 Q. Okay. So if we could just remember the client number,  
16 800219, and the amount being 150,000 euro. I'm now  
17 going to take you, please, to C/663. And at C/663 we  
18 have the withdrawal spreadsheet that the firm kept. Now  
19 you are aware, aren't you, that the firm kept  
20 a spreadsheet of the withdrawals that had taken place  
21 out of custodian accounts?

22 A. I don't remember looking at the document at the time.  
23 But I have seen it in the bundle, yes.

24 Q. If we could look at row 77, row 77 we see 27 August, it  
25 says "NostroDB" ... sorry, I've lost it now. NostroDB,

1 13:18 151,125 euro, to Gilles account, and then 800219 cash  
2 withdrawals.

3 So this is showing, isn't it, that that money that  
4 we were looking at, that 150,000 euro, was paid to your  
5 account, in respect of a cash withdrawal?

6 A. Yeah, in line with the procedure that was in place to  
7 use employees' accounts. So the same situation as  
8 Samar's previous example.

9 Q. Yes, in this case it is your account.

10 And it says "Payment from NostroDB". That is  
11 a reference to the client account at Deutsche Bank,  
12 isn't it?

13 A. Yes.

14 Q. If we could now go to page 517.

15 The transfer to your account, just to remind you  
16 that we saw from that spreadsheet, that happened on  
17 27 August, so now on 31 August we see cash of  
18 150,000 euro being paid to the client of account 800219.  
19 So this is the end of this transaction, isn't it?

20 A. Yes, correct.

21 Q. Would you have handed the 150,000 euro to the clients in  
22 physical cash, personally?

23 A. I don't remember.

24 Q. You would have had to have gone to your bank to get the  
25 money. You couldn't send someone else to your bank and

1 13:20 ask "Can I have 150,000 euro from my boss' bank  
2 account", could you?

3 A. No, obviously I would have taken the cash and brought it  
4 to the office. Whether I then gave it to the client or  
5 someone else did, I forget.

6 Q. Where would you have stored this 150,000 euro between  
7 the point that you collected it from your bank and when  
8 you gave it to the client?

9 A. It would have been picked up one or two hours before the  
10 meeting with the client.

11 Q. Your personal bank account was not a client account, was  
12 it?

13 A. No it was not.

14 Q. And so it is not right, is it, and it is a breach of  
15 client account rules, for you to be holding client money  
16 in your personal bank account, yes?

17 A. Well at the time again I asked Jennifer Adams and  
18 compliance to put in place a procedure. They put in  
19 place this procedure to use employees' accounts. This  
20 was embedded in the TMP, and I relied on compliance and  
21 my very senior operations manager.

22 Q. We discussed at the beginning your 27 years of  
23 experience when you wrote the regulatory business plan.  
24 And your knowledge of client money rules. And your  
25 knowledge that client money had to be stored in

1 13:21 a custody account. How on earth did you think that  
2 client money could be stored in your personal bank  
3 account?

4 A. It was not stored there. It was just a way for -- to  
5 get access to cash, physical cash. And again --

6 Q. Between -- sorry.

7 A. And again, this was a transparent process within the  
8 firm. It was reviewed, devised and implemented by also  
9 my other very senior members of staff, Ewan Sherriff,  
10 who had been a partner at a law firm, Toni Morgan, who  
11 was very experienced compliance person, and  
12 Jennifer Adams, who had much more operational experience  
13 than I had at JP Morgan, heading their -- the overall  
14 operations of JP Morgan in Switzerland. So naturally,  
15 when they came up with that and told me this was fine,  
16 I thought I had enough comfort from their combined  
17 experience that this was something that could be done.

18 Q. And given your knowledge of the client money rules,  
19 given your knowledge that this money was sitting in your  
20 personal bank account, you say between 27 August and  
21 31 August, did you sit down with these individuals and  
22 say "Hang on a minute, we are blatantly breaching the  
23 DFSA client money rules, are you really sure that this  
24 is an appropriate process"? Did you have that  
25 conversation with them?

1 13:23 A. Yeah, I had the conversation asking "Are you really sure  
2 this is correct? And can we do this?" And I was  
3 assured that we could do this.

4 Q. And did you turn up the DFSA Rulebook and look at client  
5 money, and see the client money must be stored in client  
6 accounts and say to Jennifer Adams, or Ewan Sherriff, or  
7 any of them, "How are you saying this complies with the  
8 rules"?

9 A. No, I didn't go to the rules. This was an isolated  
10 transaction and again I relied on these three people who  
11 came up with this process to have done their job  
12 properly.

13 Q. If we could go to 522 of the bundle. At the bottom of  
14 the page we have an email from Mr Henny to yourself, and  
15 maybe if we can scroll down a bit more because it goes  
16 on to the next page. Start with the first page. It is  
17 17 September:

18 "Hi Gilles,

19 Two of my clients want to withdraw some cash - which  
20 I am supposed to bring for them. As there is not that  
21 much time to transfer to Emirates NBD and order it for  
22 cash pick up and pick it up physically before you leave  
23 on Tuesday, I thought I would let you know now already."

24 So here Mr Henny was saying to you, "I have a need  
25 for physical cash, and there is not much time for you to

1 13:25 transfer it to Emirates NBD and pick it up"; that's what  
2 he is saying, isn't it?

3 A. No, that's not what he is saying.

4 What he is saying is as there is not much time to  
5 transfer to Emirates NBD. Mark had an account at  
6 Emirates NBD, so I think he is talking about his account  
7 at Emirates NBD.

8 He was using this system quite regularly.

9 Q. But why does it matter when you leave on Tuesday if he  
10 is the one transferring and picking up the money?

11 A. And do you know what day was September 17th?

12 Q. I don't.

13 A. Okay.

14 I don't know. I don't really understand this email.

15 Q. Fine --

16 A. I know that --

17 Q. We will carry through the process and we'll see who does  
18 pick up this money. So if we go to the next page of the  
19 document, we see there is two clients who want this  
20 money: it's 800351, they want 50,000 euro, and 800242,  
21 they want 100,000 euro. So again it is 150,000 euro in  
22 total. Now, you have forwarded Mr Henny's email to your  
23 colleague Ms Milan. Can you see that?

24 A. Yes.

25 Q. And you are forwarding it to her because you wanted her

1 13:27 to deal with it, didn't you?

2 A. Yes. Chiara was part of the finance team. So they were  
3 taking care of these kind of things.

4 Q. So remembering the date here, 17 September. If we could  
5 now turn to page 663 of the bundle. It is the  
6 withdrawal spreadsheet which we looked at before we  
7 showed the previous 150,000 euro going to your bank  
8 account. If we go to the bottom of the page, the last  
9 entry, 18 September, the following day, so NostroDB, the  
10 Deutsche Bank client account, 150,000 euro, to Gilles  
11 account, 800351, 800242.

12 So yet again we have seen this physical cash --  
13 sorry, this client money being transferred to your  
14 personal bank accounts, haven't we?

15 A. Um, yes, it seems so. Even though this is not -- we  
16 would also have to have a look at the Atrium reports,  
17 yes. This was manually filled in spreadsheet.

18 Q. This is the second time in about three weeks that  
19 150,000 euro has been transferred to your personal bank  
20 account for clients, isn't it?

21 A. From the spreadsheet it looks like it.

22 Q. So this would have been the second time in three weeks  
23 that you had gone to your bank and said "please can  
24 I have 150,000 euro in cash", not just that, you would  
25 have said: can I have cash in the dominations that the

1 13:29 clients were asking for, I think one wanted 200 euro  
2 notes, one wanted 100 euro notes. Yes?

3 A. Yes.

4 Q. It is not every day that one goes to their bank to  
5 collect 150,000 euro in client money, is it?

6 A. No, but as I explained before, this was part of  
7 a process to arrange physical cash for clients which had  
8 been devised by my compliance department and operations  
9 department. And supervised also by finance, who was  
10 checking on the transfers.

11 Q. From your experience of this process, lots of money  
12 coming into your personal bank account, it is quite  
13 a strikingly memorable process, isn't it? One does not  
14 forget two lots of 150,000 euro being transferred into  
15 their personal bank account?

16 A. Well, to be honest, I was not paying that much attention  
17 to this, because this was a very small part of my daily  
18 activities.

19 Q. It is not a small amount of physical cash, is it?

20 A. No, it is not. No.

21 Q. If we could look at the payment template for this  
22 transaction, that's at page 526.

23 Given your personal involvement in this transaction,  
24 because money has gone to your personal bank account,  
25 would you have looked at this payment template to check

1 13:31 that everything was completed as you wanted?

2 A. I don't recall.

3 Q. So even though 150,000 euro is going into your personal  
4 bank account, you would not have looked at the  
5 documentation for the underlying transaction and checked  
6 it was all above board?

7 A. Well, this work was done again by my compliance  
8 department, and as it was part of the procedure I would  
9 have relied on them to do the checks.

10 Q. If you look at the bottom of the documents, runs on to  
11 the next page, there is the compliance signature box,  
12 and like the last one, this is blank.

13 So there is no documentary record of this having  
14 gone past compliance. Did you check that compliance had  
15 reviewed the transaction before using your personal bank  
16 account?

17 A. Most probably this document was not presented to me.

18 Q. Okay --

19 A. I didn't receive a copy of the documents before.

20 Q. If we could look at the content of the document. The  
21 previous page. Three rows down, "What is the reason for  
22 the withdrawal", and the reason that is given is "cash  
23 withdrawal by client".

24 Now, I know you say you didn't see the document at  
25 the time, but looking at it now, that is not an

1 13:32 explanation as to why the withdrawal is taking place, is  
2 it?

3 A. Well, the client had asked for cash withdrawal before,  
4 so we knew what the reason was.

5 Q. What was the reason?

6 A. The client service team didn't put it back into this  
7 particular form.

8 Q. What was the reason, you said you knew what the reason  
9 was?

10 A. I'm not saying I knew the reason. I'm saying the reason  
11 would have been announced before, and because this  
12 transfer was for more than \$100,000, it had to go  
13 through compliance. So it would have gone through  
14 compliance and compliance would have done their checks.

15 Q. But --

16 A. That's the procedure that was in place. And --

17 Q. That was the procedure --

18 A. -- once this transfer instruction was given to finance,  
19 finance would never have processed it without the  
20 authorisation of compliance. It was impossible.

21 Q. That's what you say was the procedure, but you didn't  
22 check whether or not this had gone through compliance,  
23 did you?

24 A. I didn't check every single transaction in the firm. It  
25 is impossible.

1 13:33 Q. But this is 150,000 euro going to your own bank account.

2 A. Well, again, the procedure that was in place led me to  
3 rely on my compliance department, finance and  
4 operations, that things were done properly, and we never  
5 had any complaints from clients regarding this  
6 particular transfer, so --

7 Q. Right.

8 PRESIDENT: Shall we take a five minute break?

9 MR PRITCHARD: Thank you, sir, that would be very useful.

10 A. Sure. Thank you very much.

11 (1.34 pm GST)

12 (A short break)

13 (1.40 pm GST)

14 PRESIDENT: Ready when you are.

15 MR PRITCHARD: Thank you.

16 Mr Rollet, if we could turn to page 528, please.

17 Here we have another one of these payment templates.

18 "Client account number 800386. If we look at the third  
19 row when, is the reason for withdrawal it says "Please  
20 provide evidence of reason, eg bill payment, transfer to  
21 personal account". Then it says "reimbursement of cash  
22 withdrawn by GR who will bring the cash to the client  
23 on October 9, 2015".

24 So this payment transfer document is saying money is  
25 going to reimburse cash that you have withdrawn. Can

1 13:42 you see that?

2 A. Yes, I see that.

3 Q. So this is another example, isn't it, of your personal  
4 bank account being used as a facilitator of obtaining  
5 physical cash?

6 A. Correct, yes.

7 Q. And it says that you will bring the cash to the client  
8 on October 9, 2015, yes?

9 A. That's what it says.

10 Q. Two boxes below that, the question is, "Is the  
11 withdrawal in line with the customer's profile", and  
12 then the answer to that is "Yes, the beneficiary is  
13 a corporate service provider in Panama".

14 Why would a corporate service provider in Panama  
15 need physical cash?

16 A. Well, I mean a corporate service provider is  
17 a professional who has made his money and he was  
18 probably in the south of France on vacation or I don't  
19 know, and needed to have some cash for his personal  
20 expenses.

21 Q. If we could now turn to 666, all in relation to the same  
22 transaction. Here we see a document, and that is in  
23 your handwriting, isn't it?

24 A. Yes, it is not signed by me, but it is my handwriting.

25 Q. Yes. And it is on headed notepaper from Port Palace

1 13:44 Boutique Hotel Monte Carlo, correct?

2 A. Yes, correct.

3 Q. This is showing that you delivered those 10,000 euro to  
4 the clients in Monaco, isn't it?

5 A. Yes.

6 Q. 10,000 euro a lot of money, would you agree, to hand to  
7 someone in person?

8 A. No, I don't think so. 10,000 euro is the -- is  
9 basically what you can take in and out of France, and in  
10 Monaco you go through France. So it is a logical  
11 amount.

12 Q. I see. So it is the maximum amount you can carry  
13 through France is it?

14 A. Yes. So the gentleman who had the 10,000 euro could  
15 travel anywhere from Monaco after that. Yes.

16 Q. Port Palace hotel, just from doing a bit of googling, it  
17 is a hotel that is overlooking the Port of Monaco, isn't  
18 it?

19 A. Yes.

20 Q. It looks like a very, very swish hotel?

21 A. Swiss?

22 Q. Sorry, a very nice hotel?

23 A. It is a four star hotel. It is not a very -- not one of  
24 the amazing hotels, it is the hotel that EFG Monaco uses  
25 to place senior staff and clients who are visiting. And

1 13:46 EFG had negotiated a special rate at this hotel, so  
2 I was staying there.

3 Q. It is not every day in one's working life that one goes  
4 to a hotel in Monte Carlo overlooking the port to give  
5 a client 10,000 euro of physical cash, is it?

6 A. I don't understand your question.

7 Q. It is a memorable thing to happen to go to Monte Carlo  
8 with 10,000 euro and hand it to someone in a nice hotel?

9 A. I don't find it particularly memorable, to be honest.  
10 I mean there were lots of other things I was doing on  
11 that particular trip which were much more interesting:  
12 generating new business and new clients.

13 Q. Can you recall it now?

14 A. No I don't recall who the person was and I don't recall  
15 the event.

16 Q. You don't recall going to Monaco with this money?

17 A. I don't recall, no. It looks like it was there, but if  
18 you are asking me if I recall the event, my answer is  
19 I don't recall the event. I don't recall meeting this  
20 client and I don't know who this client is, actually.

21 Q. Is that because you often travelled abroad to give  
22 clients physical cash?

23 A. No, absolutely not. It is just that on my trips to  
24 Monaco I was seeing a huge amount of -- number of  
25 people, and I was focused on developing the business.

1 13:47 I was focused on getting new clients. So my memory of  
2 being in Monaco was generating new clients. For LT.

3 Q. If we could go now to page 766 of the bundle. We have  
4 another payment template. Client number 800428. Third  
5 box down, "what is the reason for the withdrawal", and  
6 the answer is given as "withdrawal for personal  
7 expenses, instructed by the introducer, Gilles to meet  
8 the clients on 29 January 2016 in Geneva".

9 We then go to page 863 of the bundle. We see an  
10 email from Samar to Olga Piskun. It is not a name that  
11 has come up yet in the hearing. Who is Olga Piskun?

12 A. She was my assistant and leader on the compliance team.

13 Q. And then you are cc'ed into it. And it says:

14 "Hi Olga,

15 I have just spoken with Karine and she confirmed the  
16 following. 40,000 euro for one client, 30,000 euro for  
17 another client. Gilles has to take with him the two  
18 portfolio segments for the client on 29 January 2016."

19 Can you see that?

20 A. Yes.

21 Q. If we go down the chain so to the email below, we see an  
22 email from Olga, she says:

23 "Hi Anastasiia,

24 I spoke to Karine and she confirmed 5 pm on  
25 29 January for the two clients ... meeting will take

1 13:49 place at Four Seasons Hotel ...

2 Regarding the what Gilles will need for the meeting  
3 Karine will revert back later."

4 So on this occasion you met the client at the  
5 Four Seasons Hotel in Geneva and handed over  
6 70,000 euro, didn't you?

7 A. It doesn't say that.

8 Q. Did you meet the client on 29 January in Geneva, which  
9 is the date said in this email and the date said in the  
10 payment template?

11 A. Correct, but it does not say that I delivered this money  
12 to these clients.

13 Q. Well, if we go back to the page we were on, 766, it says  
14 "withdrawal for personal expenses, instructed by the  
15 introducer, Gilles to meet the client 29 January". So  
16 this document is all about the cash withdrawal, and it  
17 is saying you are to meet them. That's saying, isn't  
18 it, that you are to give the client the money in Geneva  
19 on 29 January?

20 A. I don't recall this particular instance.

21 Q. Did you ever meet clients in Geneva to give them  
22 physical cash?

23 A. I don't recall I did. I met the clients in Lugano at  
24 the safe to give them physical cash.

25 Q. If we now look at 1045. Here we have a document that --

1 13:52 this time it is on headed notepaper from Hotel Costes.  
2 Received 10,000 euro on October 30, 2016. And then it  
3 says Bazeille account, and then underneath we see the  
4 address of Hotel costes, which is in Paris. So this is  
5 a document, isn't it, recording that this client has  
6 received 10,000 euro delivered to them at the hotel in  
7 Paris?

8 A. No. I checked my schedule on this particular instance.  
9 On October 30th 2016 I was actually in Dubai. I had  
10 a meeting at 10 o'clock in the morning with a client in  
11 Capital Club, which is a business club in Dubai. At  
12 11.30 I had a meeting with Ewan, and at 3 pm I had  
13 a four-hour meeting with my YPO network, again in  
14 Capital Club, which was followed by meeting the Bazeille  
15 account at the Burj Al Arab to give him the cash. So  
16 I gave him the cash in Dubai, it just so happens when  
17 I say at Paris at the Hotel Costes I keep the little pad  
18 because I find them quite useful, and I usually have  
19 them with me or in my brief case.

20 But on that particular day I was in Dubai and the  
21 cash was given to the client in his hotel room at the  
22 Burj Al Arab.

23 Q. You say you have checked your -- where you were at the  
24 time. Is that recorded in a document somewhere, your  
25 location on this day?

1 13:54 A. I'm sure we can find it, because I would have reserved  
2 the Majlis room for the meeting with Mr Portman at the  
3 Capital Club, or there would be a record of the YPO  
4 meeting at the Capital Club at 3 o'clock.

5 Q. But what have you -- sorry, you said you had checked  
6 something. What have you checked to know where you were  
7 on this day?

8 A. I checked my phone on which I have my calendar. And  
9 I also saw that there was a October 31st meeting with  
10 the DFSA. At 10 o'clock in the morning on 31st, the  
11 following day.

12 Q. Okay. So this one you say was delivered in Dubai, but  
13 you accept that the one in Monaco, that was delivered in  
14 Monaco. And you accept that on occasions you took  
15 clients to the location of the safe and delivered  
16 physical cash to them there, don't you?

17 A. Yes.

18 Q. I'm going to now ask you to look, please, at page 1420  
19 of the bundle. Whilst that document appears, you were  
20 asked by the DFSA to attend a compulsory interview,  
21 weren't you?

22 A. Are you talking about the -- ah, okay. Now I see the  
23 document.

24 Q. Yes, it is not --

25 A. I don't see the date of the document, but yes, I was

1 13:56 asked to attend an interview. And we offered to the  
2 DFSA --

3 Q. It was a compulsory interview you were asked to attend,  
4 weren't you?

5 A. Yes, but then Afridi arranged that it was a voluntary  
6 interview from myself.

7 Q. So you were asked to attend a compulsory interview at  
8 the Financial Services Commission in Mauritius. You  
9 said you wanted to attend voluntarily, as long as the  
10 venue wasn't at the Financial Services Commission, so it  
11 was then agreed that you would attend voluntarily, not  
12 at the Financial Services Commission; that's right,  
13 isn't it?

14 A. That's correct.

15 Q. Before the interview you were sent this case summary to  
16 explain what the case was about, that the DFSA were  
17 looking into, weren't you?

18 A. Yes.

19 Q. If we could have a look at the detail in this case  
20 summary, if we go to paragraph 6, the DFSA are  
21 explaining to you.

22 "... in May 2017, the DFSA received information from  
23 [the firm] relating to activity at the firm between  
24 13 November 2015 and 29 December 2016, in respect of  
25 81 potential 'cash withdrawal' transactions facilitated

1 13:57 by the firm for 47 separate customers ..."

2 Then paragraph 7:

3 "The cash withdrawals were facilitated as  
4 follows ..."

5 Then if we go over the page, there is then detail of  
6 what the DFSA at that time understands the process to  
7 be. And at (f), it says:

8 "The firm would hold the cash until the relevant  
9 client attended the firm's office or other delivery  
10 arrangements were made."

11 Then if we go to paragraph 11, it said:

12 "The investigation has revealed information to  
13 suggest that [Mr Rollet] was involved in activities  
14 giving rise to concern ..."

15 And at (b):

16 "Delivered cash to clients within the DIFC and  
17 elsewhere".

18 You read this document before the interview, didn't  
19 you?

20 A. Yes, I did read it before the interview.

21 Q. And you knew before the interview that one of the issues  
22 and questions you would be asked about was your  
23 involvement in delivering cash to clients within the  
24 DIFC and elsewhere?

25 A. Well this was quite a long document, and there were

1 13:58 a lot of issues that were raised in that document.

2 So ...

3 Q. Well paragraph 11 is quite pithy. It says "the  
4 investigation has revealed information to suggest the  
5 following". Then there are five subparagraphs.

6 So when you were reading this document, knowing the  
7 importance of the interview, you would have focused on  
8 the allegations that the DFSA are interested in,  
9 wouldn't you?

10 A. I focused on the entire document, to be honest. Because  
11 everything was important.

12 Q. Okay.

13 If we could go to page 1424. And here we see  
14 a document entitled "Note of advance disclosure". So  
15 the DFSA gave you some disclosure before the interview  
16 as well didn't they?

17 A. I forget this document. Can you scroll down a bit so  
18 I can see --

19 Q. Of course.

20 A. -- what is more ... is that the entire document?

21 Q. It is only two pages. Go on to the next page. Can you  
22 recall the document now?

23 A. I don't recall it specifically, but I -- it --  
24 I remember the decision or the request for the  
25 interview. This one I forget.

1 14:01 Q. But can you recall that you were given some documents  
2 before the interview for you to look at and no doubt  
3 discuss with your lawyer?

4 A. No, well, the DFSA when we met in the hotel in Mauritius  
5 had a big bundle of documents which I had never seen.  
6 And I was given those documents at the time of the  
7 meeting with -- I could not review them at that time.  
8 Because that's when the interview started.

9 Q. If you look at the third paragraph of what is on the  
10 screen, second sentence:

11 "In order to assist Mr Rollet in this respect and in  
12 recognition of the length of the documents which may be  
13 relevant to refer to we attach in this disclosure the  
14 following documents."

15 So the DFSA were sending you some documents before  
16 the interview. Can you not recall being sent any  
17 documents before the interview?

18 A. Can I see the documents in question? Because I forget  
19 this particular issue, to be honest.

20 And that's it?

21 Q. Yes. Can you recall this?

22 A. I don't recall, I'm sorry.

23 Q. If you go to the first page of this document, so the  
24 previous page we were looking at.

25 A. Yes.

1 14:02 Q. You were told the topics that would be covered during  
2 the interview, and you said the other document was long.  
3 This document is not long. And the topics include,  
4 under cash withdrawals, "Involvement and roles of the  
5 various parties including Mr Rollet, LT compliance,  
6 Cosmic/New World", "Processes and documents used", "How  
7 cash was delivered to clients".

8 So in advance of the meeting, the interview, the  
9 DFSA were telling you, one of the issues we want to  
10 discuss with you is how cash was being delivered to  
11 clients.

12 A. This is what this document says, yes. Again, I don't  
13 remember receiving it. But this is correct.

14 Q. At the interview itself you had a lawyer present, didn't  
15 you?

16 A. Yes.

17 Q. You knew that if you needed to speak to him about  
18 anything during the course of the interview, you could?

19 A. I guess. Yeah.

20 Q. You knew that you needed to tell the DFSA the truth?

21 A. Yes.

22 Q. You knew that you needed to consider the questions that  
23 were being asked of you carefully?

24 A. Yes, well, this was a two-day interview, so it was  
25 a very lengthy process, and --

1 14:04 Q. You knew that -- sorry.

2 A. Yeah.

3 Q. You knew that you needed to think before answering  
4 questions?

5 A. I mean --

6 Q. Mr Rollet, you knew that you needed to think before  
7 answering questions?

8 A. It was not specifically said to me that I needed to  
9 think before answering questions. Of course -- you  
10 know, it was an ongoing discussion like a ping pong  
11 match, so thinking was not -- it was not always possible  
12 to slow down the process of the questions coming,  
13 especially because there were two people asking  
14 questions to me.

15 Q. This is a meeting with your regulator and you have had,  
16 as we saw in that document, regulatory planning  
17 document, so at that time you had 27 years experience in  
18 this space. Of course you knew that when you were asked  
19 questions in interview you needed to think about the  
20 answers you were giving. Of course you -- do you not  
21 agree that you knew that was something you had to do?

22 A. This is the responsible thing to do, yes.

23 Q. And you would also have known that going into that  
24 interview that if you didn't know the answer to the  
25 question, you needed to tell the DFSA you didn't know

1 14:05 the answer to that question?

2 A. Yes.

3 Q. If I could ask you to look at D/1271 of the interview  
4 transcripts. At line 4 you see there is a reference to  
5 Bazeille, so that was the document we just looked at  
6 which was on the headed notepaper from the Parisian  
7 hotel, can you see that?

8 A. Yes.

9 Q. You say:

10 "I took for Bazeille, I took some money to the  
11 hotel."

12 You were asked:

13 "In? Where was that?"

14 And you said:

15 "Burj Al Arab."

16 Then Ms Paddon says:

17 "Yeah, I see."

18 But you then say:

19 "He didn't want to go to Dubai with Anastasiia and  
20 Anastasiia gave me the money and I was visiting him at  
21 the Burj Al Arab. I gave him the money there."

22 Then you said:

23 "That's the one time I gave money, physical cash."

24 We have seen, and you have accepted, that you were  
25 handing physical cash to clients in Monaco, you have

1 14:07 accepted you were handing physical cash to clients at  
2 the location of the safe. It was not true, was it, that  
3 that was the only time you gave physical cash to  
4 clients?

5 A. Well I know during the interview I also disclosed that  
6 I gave money to clients at the safe. So this is it an  
7 isolated sentence. I forget the context.

8 Q. You didn't say to the DFSA, oh, I delivered money to  
9 someone in a Monaco hotel once, did you?

10 A. To be honest, I didn't remember this Monaco delivery.  
11 But we were talking about the -- we were talking about  
12 me delivering money to the Burj Al Arab, and I say  
13 that's the one time I gave money, physical cash,  
14 probably I should have said "To the client, at this  
15 hotel". I forget. I mean this sentence can be  
16 interpreted in a number of ways.

17 Q. But at no point did you say "This is the one time I gave  
18 money to this client, but there are other clients"? You  
19 didn't say that, did you?

20 A. No, but why do I have to qualify my answers?

21 Q. Well, because you knew you were being asked about your  
22 role --

23 A. I (overspeaking).

24 Q. Sorry. You knew you were being asked about your role in  
25 relation to the delivery of physical cash. And your

1 14:08 answer here is "There was only one time I played a role,  
2 and that is when I went to a hotel in Burj Al Arab".

3 A. No, I don't agree. I say that's the one time I gave  
4 money to this client, physical cash. Because I'm  
5 talking about meeting the client at the Burj Al Arab to  
6 give him the money there.

7 Q. If we could then turn to D/1093.

8 Go to line 24. You were asked questions about the  
9 transaction that we talked about before the break where  
10 there was 50,000 euro going to one client and  
11 100,000 euro going to another client. And you said:

12 "Okay, well I don't recall this, except that I know  
13 that Mark was sometimes using his account at  
14 Emirates NBD to get money for his clients."

15 You then said:

16 "Certainly I never used my account at Emirates NBD  
17 for clients, but I know he was doing that."

18 We have seen and you have accepted in evidence that  
19 you were using your personal account for cash withdrawal  
20 process. So it was wrong, wasn't it, when you said  
21 "certainly I never used my account at Emirates NBD for  
22 clients"?

23 A. To be honest, at the time of the interview I had  
24 completely forgotten that my account had been used. And  
25 at the end of the interview I asked Ms Paddon for a copy

1 14:10 of the transcript so that I could rectify if there were  
2 inaccuracies in my interview. I was promised to be  
3 given this particular transcript, and I never received  
4 it from Ms Paddon.

5 Q. So despite the fact that we saw that two lots of  
6 150,000 euro within the space of three weeks was paid to  
7 your personal account, despite the fact you were told  
8 before the interview that this was going to be one of  
9 the key areas of discussion at interview, you are saying  
10 you forgot that your personal account was being involved  
11 in the process?

12 A. Yes. At that time I completely forgot. This was more  
13 than four years, four and a half years ago, so, you  
14 know.

15 Q. And you didn't just say, oh, I don't think my account  
16 was used, you said "Certainly I never used my account at  
17 Emirates NBD". So you were very categorical as to the  
18 involvement of your account, weren't you?

19 A. Yes, I was categorical, because I completely forgot at  
20 that time that my account was used. Otherwise I would  
21 not have said "certainly".

22 Q. Then over the next page, Ms Paddon says:

23 "Okay, well in this email he is saying -- he is  
24 asking to you use your account, I would say".

25 So you were being shown the same email you were

1 14:12 shown earlier in your cross-examination where you  
2 accepted you used your personal account, and your  
3 response is:

4 "Yeah, and I definitely would not do that, no."

5 So again you are not just saying "I don't think  
6 I would do it", you say "I definitely would not be using  
7 my personal accounts for the purposes of cash  
8 withdrawal". That was just false, wasn't it?

9 A. Because I completely forgot at that time of this  
10 occurrence. I completely forgot.

11 Q. The process we have talked through for the cash  
12 withdrawals -- we have not even got to Cosmic and  
13 New World yet -- all the process has been involving  
14 employees' personal bank accounts receiving money and  
15 those employees going to their banks and getting the  
16 money. Did you completely forget that process when you  
17 were in interview with the DFSA?

18 A. I didn't complete forget the process, because  
19 I remembered that Mark was using Emirates NBD because he  
20 was a regular user. I forgot about the fact that my  
21 account had been used as well for a couple of  
22 deliveries.

23 Q. If we look at 1094, line 15, so you are then pushed on  
24 this as to why Mark is using his personal bank account,  
25 and you don't say, "Oh, it is part of the process", you

1 14:13 say "He is a bit of a cowboy sometimes". So using  
2 a personal bank account you were telling the DFSA is  
3 a cowboy manoeuvre to be doing. Agreed?

4 A. At the time of the interview (frozen) cash withdrawals  
5 through employees. And this is why there was that  
6 comment there from me about Mark, but this bit -- for me  
7 it was something that I really didn't connect with, and  
8 again the use of personal bank accounts was a very  
9 limited period between the time that there was  
10 a difficulty with DIB and the time that a solution was  
11 found with New World Impex and Cosmic.

12 So I don't know how many transactions there were,  
13 but it would have been maybe -- I know in terms of total  
14 transactions for the cash it was about 85 transactions  
15 throughout the period. So it would have been a small  
16 number of transactions. That's why it was not very  
17 noticeable.

18 Q. You didn't tell the truth here to the DFSA because you  
19 didn't want the DFSA to realise how close you were to  
20 the operation of the service.

21 A. No, that's not true. I didn't -- I forgot this  
22 particular event, and I am well experienced and I know  
23 that if the DFSA was facing me they would have had  
24 evidence against what I said. So I truly did not  
25 remember this particular event. At the time of the

1 14:15 interview. Now I remember, because I had time, over the  
2 past year and a half to review documents, and to refresh  
3 my memory as to how things were taking place at LT. But  
4 at the time of the interview, I had no benefits of  
5 seeing the bundle that the DFSA had, I didn't have  
6 access to my LT emails, and I couldn't review any of  
7 those documents. So it was quite a vague period, and  
8 difficult to find some information on it, and to review  
9 and to review documents as I could not have access to  
10 any of these documents.

11 Q. You remembered Mr Henny was doing it, and you even  
12 accused him of being a cowboy because he was doing it,  
13 but you didn't remember that you did it yourself?

14 A. Because Mr Henny was very pushy, and he did it on quite  
15 a number of occasions compared to I guess to the two  
16 event that I did it. And he was quite vocal about it.  
17 He was also -- at the time I remember he was quite vocal  
18 about going to Emirates NBD and to pick up some cash.

19 Q. Could we now turn to bundle E, page 338.

20 PRESIDENT: Are you moving to another subject, Mr Pritchard?

21 MR PRITCHARD: I am. It is related to the interview, but  
22 not on this specific point.

23 PRESIDENT: Could I just be clear about the documentation,  
24 Mr Rollet. You have been saying that you didn't have  
25 access to any of the documentation. You were shown

1 14:17 a little while ago a document which seemed to suggest  
2 that you were being provided with some documents at any  
3 rate, because they were the documents in a list.

4 Is it your evidence that you saw those documents?  
5 Or that you didn't receive them? Or what? What is the  
6 position as you recall it?

7 A. I cannot have any position on this, sir, because I don't  
8 recall this particular two-pager. So I don't -- I would  
9 have to look into my --

10 PRESIDENT: There was a two-pager, but there was also the  
11 letter from the DFSA which appeared to be sending you  
12 documents in advance of your interview. And I'm not  
13 clear from my note what your view of that was. So what  
14 I'm going to do is this. I'm going to ask Mr Pritchard  
15 or someone on his team to take you back to that document  
16 so that I and my colleagues can be clear as to what  
17 information you did have access to before your interview  
18 took place. So I think it is right for you to be shown  
19 that again.

20 MR PRITCHARD: Thank you, sir.

21 Page 1420, please.

22 Mr Rollet, this was the case summary where I took  
23 you to a number of paragraphs within the document.

24 A. And this document I do remember receiving it. And  
25 reading it. I think we were talking about the other

1 14:19 document that you showed me.

2 PRESIDENT: My recollection is the same, Mr Rollet.

3 There was a document which you showed --

4 MR PRITCHARD: 1424.

5 PRESIDENT: Could you scroll down to the area where it  
6 appears that some documents were made available or sent.

7 It is that paragraph. I'm not sure -- what I was  
8 not clear about is whether you had seen the documents  
9 that the DFSA says it was sending to you?

10 A. I don't remember -- over the break I would like to look  
11 at my emails and see if I received this document --  
12 this. But from memory I cannot remember. And possibly  
13 I don't know if I'm allowed to, I could consult with  
14 Afridi who would have received also all the documents  
15 that the DFSA sent.

16 PRESIDENT: I'm sure that could be sorted out in some way  
17 without troubling you to speak to your lawyers. You can  
18 perhaps leave it to them and the DFSA to sort that out.

19 So as I understand it, you don't remember whether  
20 you received this document, is that right?

21 A. I just don't remember. I'm very sorry, I don't  
22 remember. I could have received it, but I don't  
23 remember receiving it and reading it. Because it is  
24 dated --

25 PRESIDENT: While we are on the same subject, as

1 14:21 I understand it you attended for interview in Mauritius  
2 by arrangement on a voluntary basis.

3 A. Correct.

4 PRESIDENT: And did you have any opportunity to prepare  
5 yourself for the interview?

6 A. Well I discussed the interview with my lawyers, yes.

7 But I didn't have access to any -- to most of the  
8 information that the DFSA had because they presented  
9 that as a big bundle when I met them, and we went  
10 through some pages of the bundle during the interview.

11 So I didn't have time to prepare myself on this  
12 particular bundle.

13 PRESIDENT: You mean the bundle that they produced at the  
14 interview, which was as I understand your evidence  
15 a much bigger bundle than the bundle which apparently  
16 you were sent in advance, is that correct?

17 A. Yes, that's correct. It was a very large bundle of  
18 documents presented at the interview itself to me, I was  
19 given the package and my lawyer Stuart Walker was given  
20 the package. This is the first time we saw this bundle.

21 PRESIDENT: At the time you were interviewed, did you have  
22 access to your own emails from this period?

23 A. I had access to my personal emails, I had some copies of  
24 some LT emails but not all of them, because my mailbox  
25 was not active anymore. But there were some that on

1 14:22 which I was copied personally, and there were some that  
2 I had forwarded to my permanent email also at the time.  
3 So I had some emails, but I didn't have the full  
4 mailbox.

5 PRESIDENT: Presumably you had access to your personal bank  
6 account, is that right? Should be --

7 A. No, not Emirates NBD. My bank account was closed when  
8 I left for Mauritius four years ago.

9 So Emirates NBD I didn't have access to.

10 PRESIDENT: So you didn't have access to your personal bank  
11 account?

12 A. No, because I moved all my accounts out of Dubai when  
13 I left Dubai.

14 PRESIDENT: Are you saying you didn't have records of your  
15 personal bank accounts?

16 A. No, because at the time it was on -- I was on an  
17 internet service, and after this time I didn't have  
18 access to my -- to the records anymore.

19 PRESIDENT: Thank you very much. I'm sorry to interrupt the  
20 process and to ask questions at what in some ways is the  
21 wrong time, but I just wanted to get that clarified  
22 before we moved onto something else, and obviously both  
23 your lawyer and the DFSA lawyer will be able to ask  
24 questions arising out of what I have been asking you.

25 So we will return now to the questions from

1 14:24 Mr Pritchard.

2 MR PRITCHARD: Thank you.

3 If we could turn to bundle E, page 338. And this is  
4 part of the documents that your counsel prepared making  
5 representations on your behalf to the DFSA. And at that  
6 time your counsel was Andrew Green QC and Ms Hanif who  
7 was at that time his junior.

8 Paragraph 43(1), you talk about, or your counsel  
9 talk about the transcript, and it is this question over  
10 whether or in the a transcript was requested. And it  
11 says here:

12 "In circumstances where the DFSA confirmed to  
13 Mr Rollet that it would provide a copy of the transcript  
14 of the interview, the ED's submission that Mr Rollet  
15 ought of his own volition to have requested the  
16 transcript is misguided. As Mr Rollet reasonably  
17 expected the DFSA to provide him with a transcript once  
18 it was available, it is neither fair nor reasonable to  
19 criticise him for failing to request the same."

20 Now, you have said in evidence today that you  
21 requested a copy of the transcript. But your counsel  
22 who you instructed said in this document you didn't  
23 request one but you can't be criticised for not  
24 requesting one.

25 Now, the truth is you didn't request a transcript

1 14:25 did you?

2 A. I don't understand this particular sentence. At the end  
3 of the interview with Ms Paddon I requested a copy of  
4 the transcript.

5 Q. Did you request that orally or in writing?

6 A. Orally.

7 Q. When you didn't receive a copy of the transcript did you  
8 follow up in writing via your lawyers or personally to  
9 say somewhere the transcript I would like to see it?

10 A. No, I did not.

11 Q. If you had been sent the transcript, why do you think  
12 you would have been in a better position to remember  
13 that your personal bank accounts had been used as part  
14 of the cash withdrawal process given what you have told  
15 the chairman regarding your access to documents about  
16 your personal bank account than you were during the  
17 interview?

18 A. As you know, these interviews take place over two days  
19 and they are fairly intense, with a lot of new documents  
20 being presented and I think if I had had the time to  
21 review the transcript and to carefully consider every  
22 part of the transcript, it would have been easier for me  
23 to pause and to think back as to what had happened and,  
24 yeah, I think it would be have been -- I would  
25 definitely not have spent only two days reviewing it,

1 14:27 I would have spent a considerable amount of time to make  
2 sure that everything I said was correct.

3 Q. We have seen how categorical you were that your personal  
4 bank account was not used, you said "certainly",  
5 "definitely". We have seen that you accused Mr Henny of  
6 being a "cowboy" for using his personal bank account.  
7 You didn't need the transcript to know that that is what  
8 you had said in interview, did you?

9 A. Again, the interview was over a two-day period and  
10 I certainly -- it is very difficult to recall each and  
11 every conversation that took place. A lot of different  
12 topics were addressed during the interview as you know.  
13 So no, you cannot, again, I don't think I can be  
14 expected to remember everything that happened during the  
15 interview.

16 Q. Thank you, you will be pleased to know we were going to  
17 leave behind the phase of the cash withdrawal service  
18 that involved your personal bank account and the bank  
19 account of employees, I now want to move on to the  
20 Cosmic/New-World process.

21 At some point the physical cash withdrawal process  
22 changed to involve Cosmic and New World. The first  
23 document in the bundle that exists in relation to that  
24 is November 2015. So does that sound about right as to  
25 when the Cosmic/New-World process was induced?

1 14:28 A. I think it does sound about right, yes.

2 Q. And Cosmic and New World were unregulated companies,  
3 weren't they?

4 A. Yes.

5 Q. And you knew at the time they were unregulated  
6 companies?

7 A. Yes, I knew at the time, but I knew that EEC was  
8 regulated.

9 Q. You knew that the client money was being transferred to  
10 Cosmic and New World under this new process, didn't you?

11 A. I didn't know the exact details. What I remember I knew  
12 is that at the time Shamim came up with -- came to me  
13 and told me that she had a solution to get cash again,  
14 to get physical cash, and this would involve her cousin  
15 who was at EFC, which was a regulated exchange house at  
16 Bur Dubai, regulated by the Central Bank and I think she  
17 mentioned it would work through my company. So  
18 I directed her to Jennifer Adams who was head of  
19 operations in charge of all operations, to come up with  
20 a -- well, to check with Jennifer whether this was  
21 something that we could do and of course to check with  
22 compliance whether this was something that we could do.

23 So that's what I remember of that time, yes.

24 Q. In your answer you said that you were presented with it  
25 as being a solution to get cash again. So had something

1 14:30 taken place that meant that the process involving  
2 personal bank accounts could no longer happen?

3 A. I forget about that. I think even though the process  
4 with the personal bank accounts was approved by  
5 compliance and by operations and supported or  
6 facilitated by finance, I think there was always an  
7 intention to find something, a better way to obtain  
8 physical cash.

9 So I think that was the reason why Shamim was  
10 looking for a solution. A more institutional solution,  
11 of course.

12 Q. Given Cosmic and New World's unregulated status, and  
13 given your role as SEO, and we have seen from the  
14 regulatory planning documents that you are ultimately  
15 responsible for the activities of the firm, was it  
16 concerning to you that client money in this new process  
17 would be paid to unregulated companies?

18 A. Well I was not completely familiar with the process, but  
19 what I remember at that time is that I was told that the  
20 money would go to EEC, which was a regulated firm, by  
21 the Central Bank, and I got some comfort from that,  
22 knowing that EEC was a regulated entity. This is also  
23 why I asked Jennifer Adams and Ewan Sherriff to review  
24 the process and to see whether this is something that  
25 could be done.

1 14:32 Q. As SEO, ultimately responsible for the activities of the  
2 firm, did you not need to understand the process  
3 yourself to ensure that it was a proper process?

4 A. I understood the broad -- broadly what the process was  
5 about. Again this was such a minor activity at LT  
6 I think probably at -- between Cosmic and New World  
7 Impex maybe 40 transactions happened, at LT we had about  
8 20 transactions a day. So we were talking about two  
9 days of transaction over a two-year period. Again I had  
10 very capable people who at the time I trusted and I had  
11 confidence in their ability at the time and to deliver  
12 an adequate solution.

13 Q. You said you understood that the process involved money  
14 being transferred to EEC. That's not how the process  
15 worked in fact at all is it?

16 A. Well the process -- the process worked that it was EEC  
17 was receiving the money that was gone to New World Impex  
18 and Cosmic. So this -- yeah, that's the way the process  
19 worked.

20 Q. The process worked by La Tresorerie sending money to  
21 Cosmic and to New World. They didn't send money to EEC,  
22 did they?

23 A. No, the transfers were then made by Cosmic and New World  
24 Impex to EEC.

25 Q. Did you know that at the time?

1 14:34 A. I don't remember I knew that at the time.

2 Q. In interview you said you didn't think there was  
3 a contract in place between La Tresorerie and EEC.

4 That's correct, isn't it? At the time you didn't know  
5 if there was a contract in place?

6 A. That's correct.

7 Q. Did you ask anyone whether there was a contract in  
8 place?

9 A. I don't recall.

10 Q. Don't you think as SEO responsible for the activities of  
11 firm that that's the type of question one should be  
12 asking whoever is setting up this process: what are the  
13 contracts in place for transferring this client money?

14 A. Again, on this I relied on my compliance department  
15 which was consisted of four people, which was a third of  
16 the entire staff at the LT, plus Jennifer Adams who was  
17 very senior, to handle this part. And I viewed my role  
18 as making sure that they were comfortable and that they  
19 had reviewed the process.

20 Q. But if you --

21 A. And this was such a small part of the activity of LT,  
22 there were a lot of other things which were going on  
23 which required my constant attention.

24 Q. But if you didn't understand the process, how could you  
25 scrutinise or supervise the compliance people who you

1 14:36 say were telling you the process was okay?

2 A. I had discussions with them and they told me the money  
3 is going on a regulated entity, and the process will be  
4 for the staff to go with clients over there to pick up  
5 the money or for the staff to come, to go there and pick  
6 it up and bring it to the firm in the DIFC.

7 Q. So did they lie to you then? Is your evidence that they  
8 lied to you when they said it went to a regulated  
9 company? Because it didn't, it went to Cosmic and  
10 New World?

11 A. No, they didn't lie to me. I didn't get the full  
12 picture of the entire transactions at the time, but they  
13 didn't lie to me, they told me that the money was being  
14 picked up in a regulated entity.

15 Q. And from the client's perspective, in your written  
16 representations to the DFSA, you accepted that as far as  
17 you were aware, clients were not informed that Cosmic  
18 and New World were involved in the cash withdrawal  
19 process; that's correct, isn't it?

20 A. That's correct.

21 Q. A firm shouldn't pay client money to a company -- let  
22 alone an unregulated company, but to a company --  
23 without the client's instructions to pay that client  
24 money, should they?

25 A. The clients were sending instructions to receive cash.

1 14:37 So we had the instructions to receive cash.

2 Q. They didn't instruct you to pay money to Cosmic or to  
3 New World, did they?

4 A. Not that I recall.

5 Q. And client money rules are very strict on this. Client  
6 money rules require that payment out of client accounts  
7 are only made with client instructions. That's right,  
8 isn't it?

9 A. Yes, that's correct. And I would have expected if that  
10 was not the case that my compliance again,  
11 Jennifer Adams, would have told me we cannot do that.

12 Q. Did you open the DFSA Rulebook on client money and look  
13 at those rules and think: how is this process fitting  
14 with the client money rules?

15 A. No, I did not. As I told you, this was probably  
16 40 transactions out of -- representing two days of  
17 transactions in the life of -- or the period that we are  
18 considering. So it was not a huge amount of  
19 transactions, it was not that much money either. The  
20 overall money was, I think you calculated, the DFSA  
21 calculated was about \$5.5 million in total.

22 So this was not the primary concern that I had at  
23 LT. There were a lot of other things that I was  
24 concerned with that were part of the remediation  
25 programme and this particular process I was comfortable

1 14:39 that it was in place because it was validated by  
2 compliance and by Jennifer. So ...

3 Q. You say it was low in volume. The DFSA's investigations  
4 suggest 122 transactions using cash withdrawal process.

5 But physical cash, as you have accepted, is a high  
6 risk asset. So it may have been low in volume or low in  
7 value, although I'm not quite sure \$7.3 million is  
8 really low in value, but it was a high risk aspect of  
9 your business that you had to have an understanding of;  
10 do you accept that?

11 A. There were many high risk areas in LT, and I agree that  
12 this was one of them, but in terms of number of  
13 transactions again, and value, it was a very small  
14 amount. It represented less than 2 per cent of the  
15 activities of LT.

16 Q. You said that you got comfortable with the process. You  
17 got comfortable with the process because no one told you  
18 the process was inappropriate; that's your evidence,  
19 isn't it?

20 A. No, because they told me they have reviewed it, and they  
21 think this was something that was fine to do and that  
22 they were going to make sure that there were controls,  
23 and I made sure there were controls, I asked them, well,  
24 are you getting the receipts, are you making sure that  
25 the client account has enough money before any transfer

1 14:41 is made, are you making sure that its finance, is there  
2 a procedure in place so if a finance -- compliance has  
3 approved of these transactions before they go through.  
4 These are the kind of things that I was talking about.

5 Q. What about Cosmic and New World? What controls did you  
6 make sure were put in place to make sure that Cosmic and  
7 New World were appropriate recipients of client money?

8 A. Again I asked compliance and Jennifer whether this  
9 was -- we could -- that the transactions were okay with  
10 Cosmic and New World. They didn't go into a lot of  
11 details about that, but they told me it was okay.

12 Q. And did you question them in that discussion or did you  
13 just take them at their word, this is all okay?

14 A. No, I trusted them to tell me the truth and that they  
15 had done their checks: that's what you also expect from  
16 such senior people.

17 Q. In interview you were asked why money was being  
18 transferred to Cosmic and New World, and not directly to  
19 EEC, and your response was, well that is what EEC told  
20 us to do. That is your position, isn't it? You don't  
21 know why money was going to Cosmic or New World, but  
22 that's what you were told the process involved?

23 A. Because the process was organised by Shamim and her  
24 cousin at EEC, and I think jointly they came up with  
25 this process.

- 1 14:43 So Shamim and EEC recommended this particular  
2 process.
- 3 Q. What contracts were in place between EEC and Cosmic and  
4 New World?
- 5 A. I don't recall that.
- 6 Q. Were there any contracts in place?
- 7 A. I don't recall what the arrangement was with between  
8 Shamim and EEC.
- 9 Q. If the beneficial owner of Cosmic -- who was the  
10 beneficial owner of Cosmic?
- 11 A. Um, I think it was the cousin of Shamim, but -- I forget  
12 now. I think they were the same owners as the owners of  
13 EEC, for both companies. This is an aspect I have not  
14 looked at lately. But I seem to recall. But, please,  
15 I would need to check on that.
- 16 Q. In interview you said that you were aware that Cosmic  
17 and New World were producing invoices as part of the  
18 process. Again that's correct, isn't it? You knew that  
19 Cosmic and New World were generating invoices as part of  
20 the process?
- 21 A. Yes, that's what I was being -- that's what I had been  
22 explained by Jennifer and Shamim.
- 23 Q. If we could go to D/439, please. Line 11 to 17. And  
24 there we see your finance director talking about the  
25 invoices. If we scroll up slightly we will see the

1 14:45 question that Ms Paddon puts:

2 "In the case of the cash -- physical cash withdrawal  
3 there is, though, an extra stage ... it's slightly  
4 different insofar as you would have an invoice and make  
5 a transfer to Cosmic or New World not to the client's  
6 own bank account?"

7 Then the finance director says:

8 "Yes, but when we were doing payments a lot of  
9 payments were done to third party, so there is always  
10 have to be an invoice or a supporting document on its  
11 either -- it was -- in the cash sense there was an  
12 invoice from Cosmic or New World Impex but, let's say,  
13 if a client has to pay some lawyer fees there was an  
14 invoice reporting the lawyer's fees as well."

15 It is right, isn't it, Mr Rollet, that the invoices  
16 from Cosmic and New World were needed in order to make  
17 the payment from the client account to Cosmic and  
18 New World?

19 A. Yes, that's correct.

20 Q. And the invoices were needed because the custodians  
21 would want to understand, why is this client money,  
22 100,000 euro of client money, being paid out of the  
23 client account to Cosmic or to New World?

24 A. No, not necessarily. In some instances the custodians  
25 asked for the information. In other instances they

1 14:46 didn't ask for the information.

2 So I think the world continues to change, and today  
3 it is almost a guarantee that the custodian would ask  
4 for the invoice. At that time not for every  
5 transaction. For some transactions -- so I think it was  
6 more -- it was done mainly also from a compliance  
7 perspective. Compliance set in place rules for  
8 transfers that invoices would have to support various  
9 transfers, and that compliance needed to have the  
10 invoice together with the payment sheets that we saw  
11 earlier to authorise the payment before they went to  
12 finance, and finance had a process in place to make sure  
13 that compliance had reviewed the invoices and the  
14 motivation for the invoices.

15 Q. You said that "sometimes" you were aware -- sometimes  
16 custodians would ask for information justifying the  
17 withdrawal. The invoices were there in case the  
18 custodians asked, weren't they?

19 A. Yes, but not only for that, they were also there, as  
20 I just explained, for compliance reasons. And, you  
21 know, this was reviewed by compliance of course. This  
22 was also reviewed by our CFO, Bassab Deb, who was  
23 formally a partner at EY, and he was reviewing all  
24 transactions at the firm, and he would have reviewed  
25 those transactions as well.

1 14:48 Q. Did you ask for it to be recorded in writing that this  
2 process was appropriate?

3 A. I don't remember. I asked specifically Jennifer Adams  
4 to put together a file of all the operational processes  
5 at LT. And I remember that she generated quite a few  
6 processes and procedures and policies, and that these  
7 were all in one file. But I forget about this  
8 particular process. I would imagine it would have been  
9 part of the overall file that Jennifer was asked to  
10 produce.

11 Q. In order for any individual to become comfortable with  
12 and to approve a process, they need to know how the  
13 process works, agreed?

14 A. Yes.

15 Q. Ms Morgan's evidence is that she did not understand how  
16 the service was being carried out and what entities were  
17 involved in the service. Now, if she is right in that,  
18 she was not in any position to approve the process, was  
19 she?

20 A. This is what she is saying. I don't agree with what she  
21 was saying.

22 Q. Did you speak to her to ensure that she did understand  
23 the process, given that you yourself have said you  
24 didn't really understand the process?

25 A. Again, I talked to compliance, I talked to finance, and

1 14:50 I talked to Jennifer Adams about this.

2 Q. Yeah, sorry -- Mr Rollet, I will go through each  
3 individual, but focusing on Ms Morgan's evidence first.

4 Did you speak to Ms Morgan and ask her to confirm  
5 that she understood the process given that you yourself  
6 did not understand the process?

7 A. We had weekly meetings with the management team, which  
8 included Toni Morgan, Ewan, Jennifer, Samar, Josep  
9 and/or Bassab Deb, the CFO, and these things were  
10 discussed during the weekly meetings with the executive  
11 team.

12 Q. When Ms Morgan saw physical cash being deposited at the  
13 firm she made you tell the DFSA about the incident,  
14 didn't she?

15 A. She didn't make me tell. We decided to tell the DFSA  
16 together.

17 Q. Did you say to her in these conversations where you say  
18 she got comfortable on the Cosmic process, "Why were you  
19 so concerned with physical cash being deposited but yet  
20 a process that allows these sums of physical cash to be  
21 dealt with is absolutely fine"; did you ask her that  
22 question?

23 A. I'm sorry, could you say that again? I didn't  
24 understand your question.

25 Q. Did you ask her the question "Why were you concerned

1 14:52 about physical cash deposits, to the extent we had to  
2 tell the DFSA, but you are not concerned about physical  
3 cash withdrawals"?

4 A. No, because I understood exactly why there was an issue  
5 with the physical cash deposits. The physical cash  
6 deposits, the two cash deposits that the DFSA referred  
7 to in their letter to LT, and referred to, and which is  
8 further referred to in various weekly meetings, and also  
9 referred to in the compliance manual of LT, the reason  
10 there was a concern is because the cash had been  
11 deposited mistakenly into LT's corporate account and not  
12 into LT's custody account at DIB.

13 So when the cash was deposited, the deposits were --  
14 the accounts were mistaken, and of course LT is not  
15 supposed to hold client money in that way in its  
16 corporate account. So I knew it was a very serious  
17 matter and with Toni we decided to alert the DFSA of  
18 this situation.

19 Q. She told you that she didn't ever want to see cash in  
20 the firm's offices, didn't she?

21 A. She said that jokingly on one occasion. She never said  
22 that she didn't want -- that it was a problem for LT.  
23 She actually worked on the papers that went into the  
24 compliance manual, and it is a section in the compliance  
25 manual about how to handle physical cash deposits. And

1 14:54 unlike the recollection of Mr Shah yesterday, this was  
2 also discussed with PWC. And PWC knew about the process  
3 for physical cash deposits.

4 So if she didn't want to see it, then why was she  
5 working on a policy together with PWC and ended up --  
6 and that had been discussed also with the DFSA, and was  
7 in the final copy of the compliance manual which was  
8 given to the DFSA? And which was authorised by PWC. So  
9 I don't understand this.

10 Q. You then refer to Mr Sherriff. His evidence is that he  
11 understood EEC was a custodian bank. EEC was not  
12 a custodian bank was it, that's not how the process  
13 worked, EEC was an FX exchange?

14 A. It was not a custodian bank, it operated with the  
15 finance department, it operated in the same way  
16 a custodian bank would work. So it was treated that way  
17 by finance.

18 Q. It may have been treated that way by your firm, but it  
19 was not a custodian bank was it? It was not a bank?

20 A. No, it was a regulated foreign exchange firm regulated  
21 by the Central Bank of the UAE.

22 Q. If that was Mr Sherriff's understanding of the process  
23 that EEC was a custodian bank, he also was in no  
24 position, was he, to advise on the appropriateness of  
25 this process; do you agree?

1 14:55 A. Well, I don't -- I forget what he knows and at what  
2 stage he got involved in this process and how much he  
3 actually remembers of all of this, but he was -- yeah.

4 Q. Again, did you sit down with Mr Sherriff and say: do you  
5 understand the process that I am asking you to get  
6 comfortable with?

7 A. Again, we had discussions and regular discussions during  
8 the set up of the process in the management team about  
9 how this was going to be done, and I asked them to make  
10 sure that everything was compliant, that we were within  
11 the DFSA rules, and also -- and also that finance was  
12 made aware that our CFO validated the process from an  
13 accounting perspective, that things were reconciled.

14 So all of these questions and all of these  
15 discussions took place.

16 Q. And the last person you mentioned was Jennifer Adams.  
17 She was not an authorised individual, was she?

18 A. No, it was contemplated that she would replace me after  
19 the RMP was finished, and the board had already  
20 appointed her as SEO. But the application with the DFSA  
21 was withdrawn until end of the RMP. At the end of the  
22 RMP she was supposed to become the SEO.

23 Q. But at the time that you say she told you she was  
24 comfortable with the process, she was not an authorised  
25 individual with the firm, was she?

1 14:57 A. No, she was not.

2 Q. You were the authorised individual, and you were  
3 responsible for the firm's activities?

4 A. Yes, and so were the other authorised individuals.  
5 Compliance, finance, who were also authorised  
6 individuals. And were also part of all these  
7 discussions.

8 MR PRITCHARD: Sir, I'm just about to move on to show  
9 Mr Rollet some documents. But I'm conscious that it is  
10 two minutes to 11. It may be that now is the time to  
11 take our unusual lunch break.

12 PRESIDENT: Yes. In that case, we will stop now, and start  
13 again at what here will be noon. And we will see you  
14 then.

15 In the meantime my colleagues and I will go on to  
16 our own forum. Thank you very much.

17 (2.58 pm GST)

18 (The luncheon adjournment)

19 (3.59 pm GST)

20 PRESIDENT: Over to you, Mr Pritchard.

21 MR PRITCHARD: Thank you, sir.

22 Mr Rollet, could you please look at C/755, please.

23 Mr Rollet, here we see an email from Anastasiia to  
24 your finance director and to yourself copying in various  
25 other individuals, and it says:

1 16:01 "Dear all, please note that the fee has increased to  
2 2 per cent, as informed just now by Shamim. She is  
3 willing to discuss on Wednesday."

4 You were being told by this email, weren't you, that  
5 the fee that Cosmic were charging as part of the  
6 withdrawals process had increased to 2 per cent?

7 A. Yes, that's right.

8 Q. And you needed to know what the fee was because it  
9 impacted how much of the fee you would retain as  
10 La Tresorerie?

11 A. Yes, exactly.

12 Q. And looking at the rest of the email, it then says:

13 "This is for Thursday. Please confirm to [finance]  
14 if okay to pay."

15 So you were being asked to confirm that it was okay  
16 to pay the invoices attached, weren't you?

17 A. Well, the real question to Josep and I was whether we  
18 were okay with the 2 per cent fee. That the fee had  
19 gone from 1 per cent to 2 per cent. So this is what we  
20 were asked to have a look at. And I'm sure that Josep  
21 and I discussed this and we said, okay, well I think at  
22 that stage we said we agreed to pay the 2 per cent fee.

23 Q. So you are saying that the "please confirm if okay to  
24 pay" is not directed at you?

25 A. I don't see this -- please confirm to Chiara if okay to

1 16:03 pay. No. This particular question is whether we agree  
2 with a fee of 2 per cent.

3 Q. Attached to the email you can see the attachments? It  
4 says: invoice Cosmic PA Consult?

5 A. Yes.

6 Q. Et cetera. So attached to the email was one of the  
7 Cosmic invoices wasn't it?

8 A. Yes.

9 Q. If we could go to your witness statement, please, B/102.  
10 Paragraph 36. In the last sentence there you say:

11 "I was never copied in correspondence relating to  
12 cash withdrawals, and I had not seen the purported fake  
13 invoices before they were shown to me by the DFSA during  
14 my interview."

15 Now, we have gone through lots of email  
16 correspondence already, but let's focus on this one.

17 This is a piece of correspondence relating to cash  
18 withdrawals, isn't it?

19 A. Yes it is. But again, the focus of that particular  
20 email is about the fact that the fee has increased to  
21 2 per cent and that Shamim is willing to discuss it on  
22 Wednesday.

23 So Josep would have come to me and discussed it and  
24 then we would have discussed with Shamim. It was not  
25 about me looking at the transaction. It was to discuss

1 16:04 the fee.

2 Q. Going back to your witness statement. Bundle B. It  
3 says:

4 "I was never copied in correspondence relating to  
5 cash withdrawals."

6 That's wrong, isn't it?

7 A. Where is this from again? I think what I'm --

8 Q. It starts about 89, my recollection. If we could go to  
9 89 of the bundle. Scroll down. We see this is the  
10 third witness statement. So this is the central  
11 document setting out your factual position to the  
12 tribunal. It is a very important document, isn't it?

13 A. Okay. Well, I mean it was not a practice to copy me on  
14 emails, and that's why I said that in this statement.

15 Q. No, no, no. You say "I was never copied in  
16 correspondence relating to cash withdrawals". That's  
17 not right, is it?

18 A. Well in this particular email I was copied. I didn't  
19 remember this particular email.

20 Q. But we spent this morning looking at lots of emails you  
21 were copied into relating to cash withdrawals. Had you  
22 not looked at any of those documents when you drafted  
23 this part of the witness statement?

24 A. No, this was talking about company A and company B. We  
25 were talking about Cosmic and New World Impex in that

1 16:06 particular paragraph.

2 Q. Okay. So when you drafted that paragraph did you look  
3 at this email that we have just looked at where you are  
4 copied into --

5 A. No.

6 Q. -- an email -- no?

7 A. No.

8 Q. Did you check the documents in the bundle, or review  
9 them before writing your witness statement?

10 A. Not all of them.

11 Q. You then say in that sentence:

12 "I had not seen the purported fake invoices before  
13 they were shown to me during the DFSA during my  
14 interview."

15 If we go back to the email, attached to the email  
16 where you are being asked to confirm the payments, is  
17 the invoice Cosmic PA Consult. So it was attached to  
18 the email, wasn't it?

19 A. Yes, it was.

20 Q. And you are being -- and the email was asking for  
21 confirmation it was okay to pay. Are you saying you  
22 didn't look at what you were confirming was okay to pay?

23 A. No, because the email again was about the fact that the  
24 fee had increased by 2 per cent, and that we were -- and  
25 that this was information from Shamim who was willing to

1 16:08 discuss it on Wednesday. So the focus of the email to  
2 me was, we need to discuss the fees for this. It was  
3 not for me to have a look at the invoice, and I'm pretty  
4 sure I never opened it. I focused on what the question  
5 really was. Which was there is a new fee, and logically  
6 the finance officer and the SEO are going to discuss  
7 whether they agree with that fee or not before  
8 proceeding.

9 Q. Without looking at the invoice, you can't know how much  
10 is going to be paid out of the client accounts in  
11 relation to this transaction, do you?

12 A. No, but the fee is being changed for good. So I know  
13 exactly that from now on this service is going to cost  
14 us an extra 2 per cent. I don't need to have a look at  
15 the invoice.

16 Q. Okay, if we look at it now. It is on the next page.  
17 And we see it is an invoice to PA Consulting care of  
18 La Tresorerie. PA Consulting. So they would be  
19 a client of the firm, wouldn't they?

20 A. Um, yes, I forget this client, I'm sorry.

21 Q. And the invoices for consulting services as agreed.

22 Now, if this invoice relates to the cash withdrawal  
23 process, that was about withdrawing physical cash. It  
24 was not about providing consulting services to your  
25 firm's clients, was it?

1 16:10 A. Yes, correct.

2 Q. PA Consulting never received consulting services or any  
3 services from Cosmic to the value of 9,180 euro, did  
4 they?

5 A. Again, I don't recall this client, but in the context of  
6 a cash withdrawal, it doesn't make sense.

7 Q. Looking at this document now, does it concern you that  
8 your firm had invoices that were false?

9 A. Yes, of course. And I'm extremely disappointed that  
10 I had hired a number of very senior people to check this  
11 process and that also our CFO, Mr Bassab Deb, who was  
12 a partner at Ernst & Young, would have seen these type  
13 of invoices and was okay with it.

14 Q. But the invoice has been sent to you attached to an  
15 email. The attachment says it is invoice Cosmic  
16 PA Consult. So you know from the email without opening  
17 the attachment that this is an invoice being issued by  
18 Cosmic to your client. Why would Cosmic be invoicing  
19 your clients?

20 A. Again, as I told you before, my focus on this particular  
21 email would have been on the announcement was that the  
22 fees were changing, and that I needed to review that  
23 with Josep, and we needed to agree on it or discuss it  
24 with Shamim on Wednesday. And that was my focus when  
25 I read this particular email I'm sure.

1 16:12 Q. You said before lunch that you knew that an important  
2 part of the process were these invoice, you said,  
3 because compliance wanted them, you said, but also  
4 because the custodian banks on occasion may ask to see  
5 the invoices. Yes?

6 A. Yes, and I also said that it was concerning about  
7 40 invoices, which was a very small part of the business  
8 at LT.

9 Q. So notwithstanding the important part of the process,  
10 you never even looked at the invoices to understand what  
11 your firm was doing?

12 A. In that particular instance I didn't, because again the  
13 focus was on something else and the invoices had been  
14 vetted once again by my compliance department, by  
15 finance, and by Jennifer Adams who was in charge of  
16 operations and was looking at these kind of details.

17 Q. Let's look at another instance. C/803. Here we have an  
18 email from Mark Henny to various individuals, not  
19 including yourself. Attaching some documents. The  
20 email says:

21 "Good morning,

22 Attached you will find ..."

23 And then he identifies what is attached. And then  
24 he says under that:

25 "The Cosmic invoice will follow later today. Given

1 16:13 the urgency, (Gilles will pick up from Cosmic on  
2 Thursday) please do the transaction monitoring already  
3 now, and (if OK) prepare the payment already."

4 So this is an example, isn't it, where you were  
5 going to collect the cash, the physical cash that would  
6 be given to clients?

7 A. No, this is wishful thinking from Mark. I never went to  
8 Cosmic and I never had any intention of going there. It  
9 was a waste of my time. Anyway we are not going to  
10 Cosmic. My team was going to EEC.

11 Q. Okay.

12 If we could then look at 809. This is the same  
13 transaction, we know, because of the client numbers from  
14 the last email.

15 15 December Mr Henny to various individuals, you are  
16 cc'ed. And he says:

17 "Good morning, please find attached the two invoices  
18 relevant to the payment instruction I sent earlier this  
19 morning. For the transaction to work it is imperative  
20 that our payment to Cosmic goes out today."

21 You were copied into this email, yes?

22 A. Yes.

23 Q. And I remind you, your witness statement said "I was  
24 never copied in correspondence relating to cash  
25 withdrawals".

1 16:15 This is correspondence relating to cash withdrawals  
2 isn't it?

3 A. Yes. I missed that particular invoice. That particular  
4 email.

5 Q. And the email contains invoices. Can you see the  
6 attachments that are the invoices?

7 A. Not yet. I can see there is attachments.

8 Q. Attachments, and it says invoices. I'll take you to the  
9 invoices in a second.

10 What this email does not say is how much the cash  
11 withdrawal is for. That's an important, or significant  
12 question when deciding, or when considering whether or  
13 not a transaction is appropriate, is what is the value  
14 of the transaction, would you agree?

15 A. No, there is a number of things that you look at in the  
16 transaction, and compliance was looking at that. So the  
17 amount was one, yes. We had a procedure in place to say  
18 that payments could be processed for clients for less  
19 than \$100,000, and that anything else had to be  
20 escalated to compliance. We also had a procedure in  
21 place to make sure that proper background check was done  
22 on the transaction itself, that an invoice was provided,  
23 or some kind of documentary evidence of why the  
24 transaction was taking place. It was also a check done  
25 by client service on whether the client had enough money

1 16:17 to process this particular transaction. And then there  
2 was a check done by finance as to whether in addition of  
3 course to making sure that compliance had approved, as  
4 to whether we could make this payment and from which  
5 custodian, and in what currency and whether that was  
6 effective. So there were multitudes of things to  
7 consider before making any kind of payment.

8 Q. We saw from the last email that Mr Henny was saying --  
9 you say it was wishful thinking on his part, but he was  
10 saying that you had said you would pick up the money.  
11 And that email again didn't say how much you were  
12 picking up.

13 If you did go and pick up the money, you would need  
14 to look at some document that says the amount of money  
15 you are picking up, wouldn't you?

16 A. Yes, but I didn't go and pick up the money and I had no  
17 intention of ever going. But it was wishful thinking  
18 from Mark that I would go anywhere. And I wouldn't have  
19 gone to Cosmic because the money was being picked up at  
20 EEC, it was never picked up at Cosmic. So I don't know  
21 what he had in his mind when he wrote this.

22 Q. Did you ever go to EEC to pick up money?

23 A. No, I went to EEC to visit the cousin -- not the cousin,  
24 the number 2 of EEC. He was introduced to me by Shamim  
25 at the very start of the relationship. I was trying to

1 16:18 understand better what EEC was about, and they showed me  
2 their operations, I visited the office, I visited the  
3 cash department, and we had a meeting in a conference  
4 room to discuss -- yeah, to discuss their firm and I was  
5 interested in getting a better understanding of the kind  
6 of activities, licence, the regulatory environment of  
7 the firm, so that's the meeting I went to.

8 Q. And did you ask that individual: what are Cosmic about?

9 A. No, because this was before Shamim came up with the  
10 Cosmic and New World Impex set-up to get cash.

11 But she told me let's go and meet him because  
12 I think through him we may be able to get cash at some  
13 stage, and I agreed to go and meet and to understand  
14 better what this company was about.

15 Q. If we could turn the page to 810 we see the attachments  
16 to the email. And it is similar to the email we have  
17 seen before. You keep saying in evidence that there  
18 were 40 transactions involving Cosmic and New World.  
19 There were actually 81. That's right, isn't it?

20 A. I didn't count. I remember that -- I didn't do an exact  
21 count. But I know that there were -- in one of the  
22 documents I read from the DFSA they talk about  
23 85 transactions. You mentioned earlier 120  
24 transactions. Um ...

25 Q. Okay. Looking at the invoice, again it is being issued

1 16:20 to a client, 800525, HB. The description of what it is  
2 about is "our services pertaining to investment in Dubai  
3 real estate" and it is said to be for 84,700 euro.

4 This invoice is false, isn't it?

5 A. Yes. It does not appear to be legitimate --

6 Q. Invoices are issued by companies when they are asking  
7 for payment in return for goods or services; that's  
8 right, isn't it?

9 A. Yes, of course.

10 Q. The purpose of the physical cash process at the firm was  
11 to provide physical cash to the firm's clients, yes?

12 A. Yes.

13 Q. Cosmic were not providing any services to your clients  
14 were they?

15 A. I don't know if at times they did provide, I was not  
16 involved in that.

17 Q. In relation to the cash withdrawal process, Cosmic were  
18 not providing any services to your clients?

19 A. Well the service they were providing is crediting the  
20 account at EEC so that EEC could provide the cash. So  
21 I don't know if you consider that a service or not, but  
22 this is what they were doing.

23 Q. Your clients didn't even know that Cosmic and New World  
24 were involved in this process, so how can Cosmic or  
25 New World be providing services to your clients?

1 16:22 Weren't Cosmic and New World providing services to the  
2 firm?

3 A. Yes, okay. So that's a better way to put it, yes.

4 Q. So there is no legitimate reason, is there, for invoices  
5 to be issued to the firm's clients?

6 A. I mean again this was a process which was organised.  
7 I'm -- and at the time I hadn't seen these invoices,  
8 I was assured that it was a proper way to do things, it  
9 was reviewed again by many people, including our CFO,  
10 who was reconciling invoices with payments that were  
11 made. So he would have gone through samples of  
12 invoices, samples of -- and reconciling that against  
13 Atrium, and these invoices would have been approved by  
14 compliance so that they could be paid.

15 PRESIDENT: Mr Rollet, sorry to interrupt, I'm not sure that  
16 you are answering the question that has been asked. So  
17 I'm going to ask counsel to ask the question again, and  
18 if you just listen to the question and do your best to  
19 answer it, okay?

20 A. Okay.

21 MR PRITCHARD: There were no legitimate reasons, were there,  
22 for Cosmic or New World to be issuing invoices to your  
23 clients?

24 A. With the benefit of seeing this today, or over the past  
25 months, this is correct.

1 16:24 Q. Without seeing the invoices. There was no legitimate  
2 reason for Cosmic or New World to be issuing invoices to  
3 your clients?

4 A. As part of the process to get cash, I was told that they  
5 would do that through issuing invoices.

6 Q. We have established that invoices are issued when  
7 someone asks for payment in return for goods or  
8 services. We have established that the clients didn't  
9 even know that Cosmic or New World were involved in some  
10 kind of withdrawal process at the firm. What legitimate  
11 basis could there be for Cosmic or New World issuing  
12 invoices to the firm's clients?

13 A. Again, I was not privy to these invoices, so --

14 Q. But you knew that invoices were being issued. You  
15 accepted that you knew that invoice were being issued.  
16 You have 27 years of banking experience as of the date  
17 of that presentation, what legitimate reason did you  
18 think, given your experience in banking?

19 A. As I said before, it was such a minor part of our  
20 business and such a limited number of transactions that  
21 I didn't spend too much attention on it beyond relying  
22 on the various senior people that I had hired. And  
23 that's the case.

24 Q. As someone who is ultimately responsible for the  
25 activities going on at the firm, if one of those

1 16:25 activities is in breach of the firm's licence, do you  
2 think it matters the extent to which that activity is  
3 being performed?

4 A. Yes, but there was nothing indicating to me that we were  
5 in breach.

6 Q. Well, you can't give any legitimate reason for invoices  
7 being issued to the firm's clients.

8 A. Again, I'm saying this was a very small part of the  
9 activity, and that I didn't pay attention to it.

10 Q. Did you just not even think about it? It didn't even  
11 cross your mind?

12 A. No. And again, because I had very capable people who  
13 told me this was the process. And yes, I didn't go  
14 through absolutely every detail of the process myself.

15 Q. Page 828, please. We have an email here from  
16 Mark Henny, it is all about the same transaction.  
17 7 January now.

18 "Good morning, please find attached all the relevant  
19 docks for a cash withdrawal. Please make the transfer  
20 to Cosmic today."

21 Then we see attached to the email is the invoices  
22 that we have just seen. He then says:

23 "You may recall the December discussions we had  
24 regarding a planned withdrawal ... At the time only  
25 EUR 100,000 ... had arrived and it was deemed 'too much

1 16:27 too soon'. After consultation (see below) we decided to  
2 suggest to the client to wait till January ...

3 Accounts have been funded further, to a total  
4 of EUR 509,000. I will start sending through orders to  
5 invest most of the remaining cash."

6 This is an email concerning the cash withdrawal  
7 process, isn't it?

8 A. Yes.

9 Q. You are copied into this --

10 A. Not the process, concerning a cash withdrawal.

11 Q. You are copied into this correspondence aren't you?

12 A. Yes.

13 Q. Is this another email that you didn't look at when you  
14 wrote that as soon as in your witness statement that  
15 I took you to earlier?

16 A. Most of my -- the cc'ed emails were opened by my PA and  
17 she decided to show them to me or not, and this is not  
18 the kind of thing she would have shown me.

19 Q. I will remind you what your witness statement said  
20 "I was never copied in correspondence". And the  
21 question I asked you is: is this another document that  
22 you didn't look at in advance of drafting your witness  
23 statement?

24 A. Yes, it is.

25 Q. The invoices were attached to the email. Is it your

1 16:28 case that again you didn't look at these invoices that  
2 were attached?

3 A. Yes.

4 Q. Can we now go to 831. Here we have an email dated  
5 11 January from Mr Henny to Mr Sherriff, finance  
6 director, yet again you are copied in:

7 Hi, Ewan,

8 I spoke to Gilles this morning. He is OK with  
9 taking this."

10 First question: is this another email that you  
11 didn't look at in advance of drafting your witness  
12 statement saying you were never copied into  
13 correspondence relating to cash withdrawals?

14 A. Yes, I didn't -- I didn't look at every part of the  
15 bundles before writing together with my lawyers the  
16 witness statement.

17 Q. And in this email Mr Henny is saying "I spoke to Gilles  
18 this morning, he is okay with taking this". And you are  
19 copied into the email. Now, before, when Mr Henny was  
20 saying "He is okay to pick it up", you said, oh, that's  
21 wishful thinking on his part. Was this wishful thinking  
22 on his part that you were okay with taking this?

23 A. Yes, because he is referring to the fact that either  
24 Anastasiia or Chiara or Samar would take it, and  
25 probably bring it to the office and then the client

1 16:30 would come and pick it up. That's what he is saying.

2 Q. No, he says "I spoke to Gilles this morning. He is OK  
3 with taking this.

4 As it needs to be picked up from Cosmic ..."

5 A. This is something that Mark is saying. And I never went  
6 to pick up money at Cosmic. There was no money to pick  
7 up at Cosmic. And I couldn't be bothered to do this  
8 kind of thing. At my level I was not going to waste two  
9 hours of my time to go to Bur Dubai to pick up some  
10 cash. I had a team of people to do that.

11 Q. Why would it say "I spoke to Gilles this morning, his  
12 team are okay with taking this"? He is saying you  
13 personally?

14 A. I don't know. You would have to ask Mark about this.

15 Q. When you saw that email, and you saw that it said  
16 "I spoke to Gilles this morning he is okay with taking  
17 this", did you respond and say, "Hang on a minute  
18 Mr Henny, I didn't speak to you this morning, I'm not  
19 okay with taking this"?

20 A. I forget what I said. But if I read that email at that  
21 time I would have asked most probably Chiara to handle  
22 it. Because she was copied on that email.

23 Q. Could we look at page 921 of the bundle, please. We  
24 have cash receipt here. So this is a client, 800197,  
25 who were withdrawing 150,000 euro. Can you see that?

1 16:32 A. Yes.

2 Q. On 4 April. And the reason, three lines down, you see  
3 "for payment of", and it says -- not you, someone  
4 says -- "withdrawal for personal expenses of the UBO".  
5 So that's the reason that someone at La Tresorerie has  
6 given, isn't it?

7 A. Yes. That's correct.

8 Q. Can we go to page 987. Here we have 18 July. The  
9 account is the same account number. 190,000 euro. And  
10 again, it is said to be for personal expenses. Could we  
11 go to 987, please. This is two days later. So 20 July.  
12 The last one was 18 July. 20 July, same account number.  
13 They want 210,000 euro in cash. Can we go to 1022,  
14 please.

15 Here, 14 September, 500,000 euro. Same client.

16 So over the course of about five months, this client  
17 has withdrawn over 1 million euro in physical cash.  
18 That is a very significant sum of physical cash,  
19 isn't it?

20 A. Yes.

21 Q. If La Tresorerie was still using the personal bank  
22 accounts in order to process these transactions, one  
23 would not be able to go to one's personal bank account  
24 and withdraw £1 million in cash over the course of five  
25 months, would they?

1 16:34 A. No.

2 Q. The Cosmic process was in place to allow this type of  
3 very large transaction to take place. That was the  
4 problem you were trying to solve, wasn't it?

5 A. As I have said before, the use of personal bank account  
6 was complicated, and the use of this new process that  
7 Shamim proposed was a smoother process, as I understood  
8 it at the time, and --

9 Q. Can you expand on, when you say "complicated", do you  
10 mean you couldn't keep going to your bank branch down  
11 the road and asking for hundreds of thousands of euros?  
12 Is that what made the process complicated?

13 A. Yes, of course.

14 Q. Were you aware at the time that this client had received  
15 such a large amount of physical cash over a five-month  
16 period?

17 A. No, I didn't have that information and I don't recall  
18 the client either. 800197, I forget.

19 Q. If we think --

20 A. Certainly the compliance department would have known.

21 Q. If we think right back to the beginning of this  
22 cross-examination, when we went through the regulatory  
23 plan, we are looking at what you described as your own  
24 obligations and duties. One of them was reporting  
25 significant transactions, major decisions and

1 16:36 activities. This was a significant transaction, wasn't  
2 it?

3 A. Yes it was, but if it was not brought up to my  
4 attention, I would not have known about it.

5 Q. What processes did you put in place to make sure that  
6 significant transactions of this type were brought to  
7 your attention?

8 A. So as I indicated before, we had regular management  
9 meetings where we were discussing the major issues  
10 happening within the firm, and during those meetings we  
11 discussed, among others, transactions. We discussed  
12 hiring plans, we discussed the remediation process  
13 outside of the usual mediation meetings. We discussed  
14 client files, we discussed all of these things.

15 Q. Did you ask anyone, "Are there any very large physical  
16 cash withdrawals that have taken place"? Was that  
17 something that would come up in those meetings?

18 A. I forget, and as I said before, it is -- it was a small  
19 part of the activity of LT, and once the process was  
20 established and validated by the CFO, by operations  
21 through Jennifer and by compliance with Ewan, I felt  
22 comfortable that the right processes were in place.

23 Q. So you didn't use your own scrutiny and your 27 years of  
24 experience of banking to ask questions, you just relied  
25 on them being comfortable?

1 16:38 A. I relied on that because there had been a procedure put  
2 in place in which I was involved in looking at the  
3 different aspects of the procedure such as what type of  
4 transactions would go to compliance, what kind of  
5 documentary evidence finance would require and so on.  
6 So I looked at those processes. I didn't look at each  
7 and every transaction myself, no.

8 Q. But one can put procedures in place for the most  
9 illegitimate of activities. Just because there is  
10 a procedure in place, doesn't mean that it is an  
11 appropriate activity. So the fact that the firm has  
12 a procedure does not tell you anything about the  
13 appropriateness of the activity, does it?

14 A. Unless that procedure was set up by people who were --  
15 had the experience to do that, had the responsibility to  
16 do that were lawyers, were former partners of E&Y.

17 Q. You were CEO. You had the regulatory responsibility to  
18 be ultimately responsible for what was going on in this  
19 firm.

20 A. Yes. But I couldn't be involved in every details or  
21 every single operation of the firm. It is not  
22 physically possible.

23 Q. Okay. Before moving on from this document, I just want  
24 to reflect very briefly on the purpose that has been  
25 given in this document for the payment. It says "for

1 16:40 payment of personal expenses". That is no explanation,  
2 is it, for the withdrawal of 1 million euro in the  
3 course of five months?

4 A. I forget the details of these withdrawals. So, I didn't  
5 speak to the client myself.

6 Q. Do you think a legitimate reason -- if you went to say  
7 your bank and asked for 1 million euro in cash, do you  
8 think if you said it was for personal expenses, that  
9 would be a legitimate reason to give for the  
10 transaction?

11 A. Well we had one client who was a gambler, so maybe it is  
12 that particular client, and ...

13 Q. Could we look at 1052, please. It is an email chain.  
14 So if we start at the bottom of the page, and here we  
15 have finance emailing you and the finance director  
16 saying:

17 "Dear Josep, dear Gilles,

18 As you know this period is quite busy for everyone  
19 and notwithstanding my efforts, I made a mistake in one  
20 of same advisory's client.

21 What's happened? I have credited the cash's  
22 commission to the client 800192 ... instead to our PnL.

23 You can see in the attachment ... '[the] error'.  
24 The transaction has now been modified and it's  
25 reflecting the correct situation.

1 16:42 Now, following the conversation on the phone with  
2 Marcello, he mentioned that he want to debit the account  
3 for the amount of the withdrawal less our commission  
4 (not mention in the instruction) not on top as we use to  
5 do.

6 But this will be the situation:

7 - he want to debit the client for E 345k (less our  
8 fees)

9 - he took 330k

10 - 15k are not enough for our 5% commission ..."

11 Now, we can break down this email in due course, but  
12 this is an email about a cash withdrawal, isn't it?

13 A. Yes.

14 Q. So is this another email that you didn't look at when  
15 you drafted your witness statement that said "I was  
16 never copied in correspondence relating to cash  
17 withdrawals"?

18 A. Yes, I didn't see that before writing the statement.

19 Q. Okay. So now trying to decipher what you are being told  
20 by Ms Milan, what she is saying to you is that she had  
21 understood the client wanted to withdraw through the  
22 withdrawal process 345,000 euros and that he would come  
23 to the office and take 345,000 euros, but obviously that  
24 meant he would be charged 345,000 euro plus your fees.  
25 And she is saying, "What the client has actually said to

1 16:43 me is, 'No, I want the gross sum to be 345,000 euro, so  
2 I'm going to take 330,000 of physical cash, leaving you,  
3 La Tresorerie, with 15,000, which is to be your fees'.  
4 That's what has happened here, isn't it?

5 A. I think so, yes.

6 Q. So there has been a problem because the wrong amount of  
7 client money has been transferred. What should have  
8 been transferred was 345,000 euro full stop. But what  
9 she is saying is actually I have transferred to Cosmic  
10 345,000 euro plus 2 per cent.

11 It took me quite some time to work it out too.

12 A. Once to get the client for 345 less our fee and he took  
13 330 ...

14 So, no, I think what she is talking about is that --  
15 so Marcello is an asset manager, and he was asking LT to  
16 debit the client for 345,000, but in the meantime he  
17 already collected 330. Correct?

18 Q. Let me take you to another document that may help you.  
19 1060.

20 Here we have him coming to pick up the cash. This  
21 is the cash receipt. And you see that the receipt was  
22 printed saying 345,000 euro, yes?

23 A. Yes.

24 Q. That has been crossed out and what is written on top is  
25 330,000 euro?

1 16:46 A. Yes.

2 Q. So as I say, the client has come and the client said  
3 actually I only want 330,000 euro, not 345,000 euro.

4 A. Correct.

5 Q. And in order for La Tresorerie to prepare 345,000 euro,  
6 they had to transfer to Cosmic or New World 345,000 plus  
7 2 per cent, didn't they?

8 A. Yes, I understand your 2 per cent. It is to reach the  
9 5 per cent.

10 Q. Exactly?

11 A. Yes.

12 Q. And if we look in the bundle at 1074, this is the  
13 invoice in support of this transaction. We see the  
14 amount of money that was paid to New World, putting  
15 aside that it says it is for consultancy fees for  
16 introducing client in Africa, but in other words the  
17 amount transferred is 351,900. So that's 345 plus  
18 2 per cent.

19 A. Okay. Can I just reach my calculator?

20 Q. Of course.

21 A. Thank you. Sorry about this.

22 Q. I have done the maths, I'm attempted to the maths, but  
23 I will be corrected if I'm wrong. I'll do the same.

24 A. Yes, this is a weird number. It does not match the  
25 usual 5 per cent commission.

1 16:48 Q. If you do 345 times by 1.02, because you are adding  
2 2 per cent.

3 A. Yes.

4 Q. You get 351,900. Yes?

5 A. Yes.

6 Q. So going back to the email, hopefully we can now pick up  
7 what Ms Milan was trying to tell you -- sorry, it is  
8 page 1054.

9 So she is saying, in effect, "I have done the  
10 transfer for 345 plus fees, he wanted 330". So she is  
11 telling you that "I have transferred the wrong amount of  
12 client money out of the client account to New World".

13 A. Yes.

14 Q. Transferring the wrong amount of client money out of the  
15 client account is a serious matter, isn't it?

16 A. Where do you see she has transferred the wrong amount of  
17 money?

18 Q. Because we have just seen the invoice. And later on in  
19 the email chain we will see the bank are querying what  
20 this 351,900 transfer was about. So we know that  
21 transfer took place.

22 Did you ask Ms Milan: well, have you actually  
23 transferred this money?

24 A. No, I asked Josep to talk to her and see what was going  
25 on.

1 16:50 Q. Did he come back to you and say "We transferred the  
2 wrong amount of client money out of the client account"?

3 A. I believe there is an email from him above which  
4 explains the situation.

5 Q. Let's look at the email from Josep. And I must confess,  
6 this email is one I have not been able to solve.

7 He says:

8 "Ciao bella,

9 I have reviewed the situation.

10 Several points below.

11 If he only took 330, the difference of 15,000 where  
12 is it? We withdraw 345,000 ..."

13 So that question seems to be simple. He says: well,  
14 you prepared 345,000 physical cash, he came to the  
15 office and only took 330, where is the 15,000 cash now  
16 sitting? That seems to be his query?

17 A. Mm-hmm.

18 Q. He then says:

19 "If he is going to give to the client 330,000 our  
20 fee will be 2 per cent Cosmic 660 plus 3 per cent LT 990  
21 total fee of 16 ... "

22 He goes on and gives an explanation.

23 Did you talk about this explanation with Josep?

24 A. I think I had a discussion with him on this particular  
25 issue. Let me read the rest of the email.

1 16:51 Q. Of course.

2 A. It is a bit Chinese to me right now. I would need more  
3 time to understand this to be honest.

4 Q. Understood, Mr Rollet. As I concede, I have spent quite  
5 a lot of time trying to understand what is being said  
6 here, but it is not clear.

7 But here we have an email chain where an issue is  
8 being raised with you and one of those issues is: we  
9 have transferred the wrong amount of client money; do  
10 you accept at least that is what Ms Milan is telling  
11 you?

12 A. I think she is saying more that she took out 345,000 in  
13 cash, and that the client only wanted 330,000.

14 Q. But in order to get 345,000 in cash through your  
15 process, one has to transfer money from the client  
16 account to New World?

17 A. Yes.

18 Q. So the wrong amount of money has been transferred to  
19 New World?

20 A. Yes, because the client in the end only wanted 330,000.

21 Q. So I will just ask again so I can understand your  
22 evidence. At the time of receiving this email from  
23 Ms Milan, did you understand she was say saying to  
24 you: there is a problem here, we have transferred the  
25 wrong amount of client money?

1 16:53 A. No, I didn't understand it that way. As I said, what  
2 I understood from reading the email is that -- well,  
3 yes, the wrong amount of money, but maybe because  
4 instead of 345 the client in the end said he only wanted  
5 330.

6 So yes, from that point of view I agree with you,  
7 yes.

8 Q. Was it --

9 A. I understand --

10 Q. Was it a red flag to you that this process may have its  
11 issues that a client can turn up and say "Well,  
12 actually, it is a different number of cash I want to the  
13 number that was transferred"?

14 A. It is a red flag -- I mean, to be honest, we get this  
15 all the time. Whether it is physical cash withdrawals  
16 or wire cash transfers out. There is unfortunately  
17 often some mistakes between what the client is asking or  
18 then what the client wants later. So this is not  
19 completely uncommon. It does happen. Banks make  
20 mistakes, and custodians also make mistakes and we have  
21 to correct the situation once the mistakes are made and  
22 picked up.

23 Q. This is an email about the cash withdrawal service,  
24 isn't it?

25 A. Yes.

1 16:55 Q. Is this another email that you didn't look at when you  
2 drafted your witness statement and said you were never  
3 copied in correspondence relating to cash withdrawals?

4 A. Yes. I focused on other parts of the bundle, to be  
5 honest, before. We didn't have that much time and it  
6 was very voluminous.

7 Q. Well, many of these emails were put to you in interview  
8 with the DFSA. So you have seen many of these emails  
9 before the bundle was produced.

10 A. Two years ago again.

11 Q. Could we look at 1096, please.

12 If we start at the bottom of the email chain, which  
13 actually starts on 1097, we see an email to  
14 Anastasiia -- if we can go up slightly to see who the  
15 email is from.

16 It is from Ms Adam to Anastasiia, and she has said:

17 "Compliance at HBL want us to be more specific about  
18 the invoice. See if this can be just stamped."

19 And then the response from Anastasiia above, she  
20 says:

21 "Hi Ewan,

22 The beneficiary bank does of NWI [which we know is  
23 New World] is asking for details of the payment and  
24 a more details invoice. I spoke to Shamim and she has  
25 asked that the attached invoice (same amount as we have

1 16:57 already sent) is stamped LT as 'received'. Can we do  
2 that?"

3 This is all talking about the same transaction we  
4 looked at, the 351,900; it is being asked, isn't it, by  
5 Anastasiia that she can stamp the invoices "received"?

6 A. Yes.

7 Q. Then the response from Ewan above, he says:

8 "I have no idea what this is about.

9 Which of our clients is receiving anything?

10 Need to understand full picture."

11 Then the email above, and if we can see who is the  
12 sender:

13 "This was the client of Marcello who Gilles have met  
14 last month during his trip. We have sent these funds to  
15 New World Imp, however their bank is asking for  
16 justification. Shamim has suggested the below to  
17 provide to the beneficiary bank."

18 So the request is that the firm stamp an invoice  
19 received.

20 If we look at the invoice again, it is 1074, the  
21 invoice is for consultancy fees for introduction of  
22 client in Africa, management fees and service charges.

23 If La Tresorerie stamps that "received", they would  
24 be representing that they have received consultancy fees  
25 for introduction of clients in Africa and management

1 16:59 fees and services charges, wouldn't they?

2 A. Yes, if they stamped it, yes.

3 Q. But that's the ask that Ms Adam, who you say was part of  
4 the designer of this process, is asking to take place.

5 A. Okay.

6 Q. That is an inappropriate request, isn't it?

7 A. Yes, it is.

8 Q. Do you think by stamping this document "received" it was  
9 hoped that it would give the impression to the bank that  
10 these services had actually been received and therefore  
11 justified the payment of 351,900 euro?

12 A. Possibly. I was not involved at that stage, but  
13 possibly.

14 Q. No, but the person who is involved is the person who you  
15 says set up this legitimate, proper process.

16 A. Together again with Jennifer Adams and with compliance,  
17 yes.

18 Q. Were you aware when she was setting up the process that  
19 part of it may involve stamping false invoices with  
20 "received" stamps?

21 A. Of course not.

22 Q. If we could look at 1253, it is an email chain, so we  
23 will start at the bottom again.

24 Mr Rollet, it may be that you would like us to zoom  
25 in slightly?

1 17:01 A. Yes please. Thank you.

2 Q. We have an email here from Swissquote. Who were  
3 Swissquote?

4 A. They were one of the custodians of LT.

5 Q. So this is your custodian bank saying:

6 "On 28 October you have executed a payment  
7 of EUR 351,900 in favour of Habib Bank."

8 So was New World's bank Habib Bank?

9 A. I think so, yes.

10 Q. And it says:

11 "Their correspondent bank (Standard Chartered) has  
12 just contacted us and are requesting more information  
13 about the payment, such as the reason for it."

14 So that's the question from Swissquote. If we move  
15 up the email chain. We see another email from  
16 Swissquote saying:

17 "Could you please check the email below and let me  
18 know how you wish to proceed?"

19 Then move up the chain. If we can go to the top  
20 email in the chain, we see the response from  
21 Ms Liashchenko.

22 Dear Dino,

23 Please see below ..."

24 And anyway, read it to yourself, Mr Rollet.

25 A. Okay.

1 17:03 Q. La Tresorerie hadn't constructed New World to provide  
2 services for introduction of clients in overseas  
3 markets, had they?

4 A. No, but this email is from January 25th 2017. This is  
5 a time that I had already left LT.

6 Q. I see that, Mr Rollet. And you are not copied into this  
7 email. But what it is is an email showing the process  
8 that was put in place under your tenure, that you were  
9 comfortable with, it is that process in operation. What  
10 you see here of the process, that is completely  
11 inappropriate, isn't it?

12 A. But how can I control the process when I'm gone?

13 Q. I'll ask you that question -- just start with the first  
14 one. This email is completely inappropriate, isn't it?

15 A. To be honest I don't understand the email. The reason  
16 is --

17 Q. If you --

18 A. I don't know this email, because I don't think it would  
19 have been Anastasiia. It is not her style.

20 Q. I'll show you who prepared the email.

21 A. Probably from someone and forwarded the email to Dino.

22 Q. I'll show you who prepared the email. It is on  
23 page 1249. We see the email is from Ms Adam to  
24 Ms Liashchenko.

25 So the person who prepared, or the person who wrote

1 17:04 this email is the individual who you say was part of the  
2 designing of this process.

3 A. Are you sure? Or did she get that from someone else as  
4 well.

5 Q. Scroll down. It says.

6 "Dear Ana, here is the reply to the pending  
7 compliance word query."

8 So that's the email to Anastasiia.

9 Then:

10 "Dear Sir/Madam.

11 Greetings!!!"

12 It is a long email, but if you keep going down --

13 A. We are properly registered ... so this was prepared by  
14 EEC. I think you went a bit quick. If you start from  
15 a bit further up. So it says "we are properly  
16 registered in the Department of Economic Development".

17 Q. Yes?

18 A. So New World -- it looks like New World Impex who  
19 prepared this --

20 Q. Okay. Remember?

21 A. I think so, no.

22 Q. Remember the compliance query has been made to  
23 La Tresorerie, saying: please explain to us why you have  
24 transferred client money to New World. But you say this  
25 may have been drafted by New World.

1 17:06 Wasn't New World Ms Adam? Wasn't it her company or  
2 her related company?

3 A. I forget honestly how she was related. I think there  
4 was a link, but there was also a link to EEC. So the  
5 shareholders of New World Impex as I recall were also --  
6 had some relation with EEC. I forget if Shamim was  
7 actually also one of the shareholders of that company.  
8 This would have to be checked, to be honest. I forget.

9 Q. Have you -- given that we are here at a hearing  
10 regarding the cash withdrawal process, you know that  
11 this investigation has been going on for many years, you  
12 know that it involved Cosmic and New World. Have you  
13 undertaken any enquiries to understand the ownership  
14 structure of Cosmic New World or EEC?

15 A. Yes, I did in the past. I didn't review these parts of  
16 my notes before the hearing itself.

17 Q. Okay --

18 A. I know I put it --

19 Q. Sorry, Mr Rollet.

20 A. I know this information was communicated to the DFSA at  
21 some stage during the various exchanges.

22 Q. Could you look at the bottom of this email then please,  
23 so the second page. Bottom of the second page. And do  
24 you see the bottom bullet point there says:

25 "The reason as to why the remitter 'LA TRESORERIE

1 17:08 CLIENTS MONEY ACCOUNT' has initiated 03 transactions to  
2 the beneficiary 'NEW WORLD IMPEX GENERAL TRADING LLC'  
3 for the sum of EUR 423,300.00 during the month of  
4 October 2016."

5 Then the drafting underneath:

6 "The Remitter LA TRESORERIE LIMITED has initiated  
7 transactions to the New World Impex General Trading LLC  
8 against the Consultancy services for introduction of  
9 clients for LA TRESORERIE LIMITED in overseas market and  
10 its Management Fees."

11 So that's the text that Anastasiia has copied into  
12 her email, isn't it?

13 A. I believe so, yes. Again I had left the company.

14 Q. Sure. That text is wrong, isn't it? New World did not  
15 provide La Tresorerie overseas market and management  
16 fees?

17 A. It is not clear why, yes.

18 Q. And it is not clear, is it, why Ms Adam, the person you  
19 say originated this process, is telling Anastasiia: this  
20 is the answer to the bank's question?

21 A. Correct.

22 Q. Could it be that the answer is Ms Adam thinks if you  
23 give them this answer the bank won't ask any further  
24 questions? Could that be what the reason for this email  
25 is?

1 17:09 A. Well it was definitely something that she worked on to  
2 satisfy the query from -- the initial query from  
3 Swissquote, yes.

4 PRESIDENT: I think you are asking the witness to speculate  
5 a bit there, Mr Pritchard.

6 MR PRITCHARD: Last question, which I will try not to be  
7 a speculative one on this one.

8 Were you aware that as part of the process  
9 compliance queries would be answered in this way?

10 A. No.

11 Q. As we have seen, the physical cash service involved  
12 paying client money to third party accounts. At the  
13 point that the client money is paid to the third party  
14 accounts, the client money is no longer under the  
15 control of the firm or its custodians is it?

16 A. Sorry, can you say that again?

17 Q. At the point that client money is transferred to the  
18 third party, from there onwards it is not under the  
19 control of the firm or its custodians is it?

20 A. Unless it is sent to another custodian, yes.

21 Q. If the third party went insolvent, then that client  
22 money would be lost, wouldn't it?

23 A. Yes, but that's the reality for every wire transfer.

24 Q. No, when money is held in a custodian bank account, it  
25 is held in a safe bank account. That's where client

1 17:11 money is protected there, by amongst other things,  
2 regulatory prudential rules that apply to banks?

3 A. But if it was sent to Lehman Brothers for example back  
4 then, and Lehman Brothers goes bankrupt, the money is  
5 also at risk.

6 Q. If the money was sent to a third party, so like Cosmic,  
7 and that third party absconded, then again, the client  
8 money would be lost, wouldn't it?

9 A. In this particular example, yes, that's correct.

10 Q. And the firm would have no way of recovering the money,  
11 because you said there was not even a contractual  
12 relationship between La Tresorerie and Cosmic, New World  
13 or EEC?

14 A. I don't remember seeing contracts, but ... this is not  
15 something that I would have spent time to specifically  
16 look at. I believe there were files for EEC, and  
17 I believe that these files were also seen by finance and  
18 by our CFO Bassab.

19 Q. When the client money was sent to a personal bank  
20 account, if the individual had absconded, the money  
21 would be gone, wouldn't it?

22 A. Yes.

23 Q. If they were subject to some kind of freezing order or  
24 some kind of injunction from another debtor, the money  
25 would be gone, because it would be part of their estate

1 17:13 and could be obtained by that other party, couldn't it?

2 A. Correct.

3 Q. So it is right, isn't it, that client money was at risk  
4 as soon as it left the custodian bank accounts?

5 A. If the client had been debited, but the client had not  
6 been debited. The client got debited only once LT and  
7 the finance team received the receipt that the client  
8 had received this money.

9 Q. Let's take a hypothetical example. You have  
10 1 million euro in your client account. You transfer  
11 100,000 euro to Cosmic. Your client account now has  
12 900,000 euro in them. Yes?

13 A. Yes.

14 Q. So the client money, that 100,000 client money, that is  
15 not in your client money account any more. You may  
16 internally have not debited on a piece of paper, or put  
17 a record, but that money has gone, hasn't it?

18 A. No, but this is something that we also looked at and  
19 that Bassab advised on. The money that was being -- the  
20 custodian accounts include both the client funds and the  
21 fees that are generated throughout the quarter.

22 So there is an amount of money which belonged to LT,  
23 because -- and that money was then -- and I believe this  
24 is how Bassab reconciled this particular issue.

25 Q. We have seen a transaction that involved £1 million

1 17:15 being transferred over the course of five months. Are  
2 you saying that fees from the custodian accounts over  
3 those five months would have been enough to support that  
4 transaction, those transactions?

5 A. Yes. LT was making in excess of \$2 million a year.

6 But again, this is something that Bassab and the  
7 finance team looked at, and they had a solution for  
8 this, so that the client money would not be at risk. It  
9 was an accounting process that he was taking care of.

10 Q. Did you get him to record this process in writing so  
11 that we had a record that client money as you say was  
12 not at risk?

13 A. No, we had discussions and he said he was looking at it,  
14 and he looked at it, and he said that he had a solution,  
15 and in any event, as part of the obligations of finance  
16 they had to do daily reconciliations. Between --  
17 between Atrium System and the custodians. So you cannot  
18 do a daily reconciliation if the two don't match.

19 Q. Well you can if you don't in your internal records  
20 record the money as having left the client money  
21 account?

22 A. Because in the custodian it would have left. As you  
23 said. It would be 900 in the custodian. Taking your  
24 example.

25 Q. The firm's fees would be removed from the custodian

1 17:17 account on a quarter or monthly basis, wouldn't it?

2 A. Definitely not monthly. It was every four to six months  
3 as far as I recall. Four, after the quarter ended.

4 Q. We have seen some of these transactions, the period of  
5 time between withdrawal from the client account and  
6 ultimate receipt of cash by the client can take  
7 a considerable amount of time. So we see one that is up  
8 to 15 days of a delay. That's a considerable period of  
9 time for client money to be out of the client money  
10 account isn't it?

11 A. Except I believe at that time Bassab and the accounting  
12 team had come up with a way to account for it as being  
13 LT money and not client money.

14 Q. So was it another one of these work-arounds to work  
15 around a problem as you described it, in the way that  
16 Cosmic and New World was a work-around a problem, was an  
17 accounting mechanism, a work-around to a problem that  
18 had been faced?

19 A. I wouldn't call it a work-around.

20 Q. I put it to you that client money was at risk as soon as  
21 client money left the client account.

22 A. Yes, and my answer to that is that as far as  
23 I understood from Bassab this was not client money that  
24 he was accounting for.

25 Q. Could you look at 393, please.

1 17:19 Here we have a letter that the firm wrote to the  
2 DFSA dated 31 July. It is a very long letter, I'm just  
3 going to take you to certain passages of it. If we  
4 could go to page 411 of the letter, please.

5 Bottom of the page, monitoring and reporting.

6 So under "issue 3", the second paragraph says:

7 "The firm has developed and implemented  
8 a transaction monitoring programme, which monitors all  
9 incoming funds and outgoing withdrawals from client  
10 accounts."

11 So you were telling the DFSA, weren't you, that the  
12 firm was putting in place a programme that applied to  
13 all incoming and outgoing transfers from the client  
14 account, yes?

15 A. Yes.

16 Q. It covered electronic transfers, didn't it?

17 A. And physical cash, yes.

18 Q. And as you have told us many times, the vast majority of  
19 transfers on the client accounts were electronic  
20 transfers, weren't they?

21 A. Yes.

22 Q. If you could go to 429, at 8, it says:

23 "The firm is required to carry out a review to  
24 ensure all client money is properly segregated."

25 So that was the action point, and then firm's

1 17:21 response on this is in the column on the right-hand  
2 side. Third bullet point down it says:

3 "The new procedures now require the SEO, or  
4 delegate, to sign off a weekly reconciliation ..."

5 So you were here communicating to the DFSA that you  
6 as SEO were taking some personal responsibility; it  
7 would be you or a delegate that you appoint?

8 A. Yes, I appointed Jennifer Adams to handle this.

9 Q. Jennifer Adams.

10 You didn't personally draft the transaction  
11 monitoring programme did you?

12 A. No.

13 Q. There is to documentary evidence of you even reviewing  
14 or commenting on it. Did you review or comment on it?

15 A. I was copied on it --

16 Q. Did you review or comment upon it?

17 A. I think -- I forget if I -- I'm sure I went through it  
18 because we went through it as a team together with PWC,  
19 Tola Johnson, and sometimes Hinesh. And it was  
20 communicated by the final version, or at least -- there  
21 were several final versions, but the one  
22 on July 31st was communicated to the whole team by  
23 (inaudible), telling us that this was a live process.

24 Q. Did you sit in a room with PWC and go through it? Is  
25 that what you are saying, there was a meeting where you

1 17:23 did a page-turn on the documents?

2 A. I forget if we went through the TMP itself page by page,  
3 but certainly we had discussions with them on it.  
4 Tola Johnson was the main one involved in that process.  
5 He was drafting most of it, he was collecting comments  
6 back and forth.

7 Q. Did you have a conversation with Tola saying "This is  
8 what I want to be put into the transaction monitoring  
9 programme"?

10 A. No, I didn't have that sort of discussion. My  
11 discussion with them is, this was a very important part  
12 of the RMP, it was also a very important part of PWC's  
13 deliverables, and I had a keen interest to make sure  
14 that it was delivered on time for 31 July 2015. And  
15 that it had been tested and properly implemented by the  
16 team.

17 So these were my areas of focus.

18 And of course I reviewed -- I'm sure -- I mean  
19 I read the documents, and if I had any comments I would  
20 have provided my comments, but I don't recall exactly  
21 now, but I know a I read it several times.

22 Q. PWC were consultants, you paid them to come in and help  
23 you remediate the firm?

24 A. Yes, I paid them close to \$1 million to provide those  
25 services.

1 17:25 Q. And the transaction monitoring programme was the firm's  
2 policy. So ultimately it was the firm's responsibility  
3 to ensure that the transaction monitoring programme  
4 covered the areas that the firm wanted it to cover, yes?

5 A. Correct, but of course given the fees that we were  
6 paying and the amount of expertise that PWC represented  
7 they had to handle these sort of tests, we relied  
8 heavily on their input. When you hire a consultant  
9 which (audio distortion).

10 Q. Ultimately the consultant would only know what  
11 activities the firm is carrying out on the basis of what  
12 you, the firm, tell them, wouldn't they?

13 A. Yes, that's correct.

14 Q. So if PWC didn't know that the firm was providing  
15 a physical cash withdrawal service, then PWC would not  
16 know that it needs to be drafted into the transaction  
17 monitoring programme would they?

18 A. Yes, but they knew that we had physical cash  
19 transactions. And it was actually in the TMP in  
20 a number of areas.

21 Q. We will go through the TMP. I don't know if you were in  
22 court yesterday?

23 A. Yes, I was.

24 Q. But Mr Shah, for PWC, said he did not know, and PWC did  
25 not know, he was not told, that there was a physical

1 17:27 cash withdrawal process at the firm. Are you saying he  
2 is wrong?

3 A. Yes, I'm saying he is wrong.

4 Q. Are you saying that he knew there was this process  
5 involving Cosmic and New World, are you saying he knew  
6 that process?

7 A. Him personally, I don't know. I know that he knew that  
8 the firm was handling physical cash deposits and  
9 withdrawals.

10 Q. But you don't know because you didn't speak to him about  
11 it, the Cosmic New World process. You didn't discuss  
12 that with him?

13 A. I don't remember myself having a discussion with him on  
14 that.

15 Q. You didn't discuss with him either a withdrawal process  
16 whereby significant sums of money were paid to  
17 employees' bank accounts, did you?

18 A. No, because this was handled again by compliance  
19 directly. Compliance was handling that part, and was  
20 working on all aspects with PWC.

21 Q. If we could look at page 982.

22 A. (Unclear) also said that he knew that PWC knew about the  
23 cash service.

24 Q. Pardon, Mr Rollet? Sorry, Mr Rollet, I rudely turned  
25 away to get the page.

1 17:29 A. No, no, I was just saying that Mr Sherriff yesterday  
2 also said that PWC knew about the cash service.

3 Q. Yes. We will have a look at the evidence, but  
4 Mr Sherriff said he understood that PWC had signed off  
5 on the process. That's what he said. But you are  
6 saying he knew that PWC knew about the process?

7 A. Mm-hmm. Yes.

8 Q. Page 982 of the bundle, we have an email from  
9 Tania Fabiani to the DFSA, and this is what is described  
10 as a PWC close-out email on work performed. If you go  
11 to the bottom part, it says:

12 "Please note that we have not been involved in the  
13 following."

14 Then right at the bottom they said they have not  
15 been involved in reviewing transaction activity on  
16 accounts or other ongoing due diligence processes.

17 So PWC were not involved, were they, in reviewing  
18 activity on accounts?

19 A. I think that's correct. What I was saying is that they  
20 were involved in drafting the TMP, and verifying its  
21 implementation and testing.

22 So day-to-day transaction activity was handled by  
23 compliance, our compliance.

24 Q. If we could go to 437 of the bundle. This is the  
25 transaction monitoring programme version 1.7. As you

1 17:31 say, there are various versions that were produced. If  
2 we look at the subheading "cash deposits and cash  
3 withdrawals". Under that it says:

4 "LT receives deposits from clients and makes payment  
5 on behalf of clients. These types of transactions pose  
6 a higher money laundering risk exposure to LT."

7 So this is talking isn't it to all incoming and  
8 outgoing payments of the firm's business?

9 A. Yes.

10 Q. It is not talking only about physical cash transactions,  
11 is it?

12 A. No, it is also talking about wire payments. Both  
13 transaction.

14 Q. If you knew that the firm was providing physical cash  
15 withdrawal then you might read that and say, oh, it is  
16 applying to both. But if one does not know that it is,  
17 then one -- then this only applies to electronic  
18 withdrawals, doesn't it?

19 A. No, that's not true. And there was a footnote,  
20 number 1.

21 Q. If we go to that it says "on occasion clients deposit  
22 and withdraw cash amounts". That says nothing about  
23 physical cash does it?

24 A. Yes, it does. To me it does. And yesterday to Hinesh  
25 it did to him as well.

1 17:32 Q. Go back up. It says:

2 "The key AML and terrorist financing risks which LT  
3 is exposed to are:

4 Cash deposits (including allocated and unallocated).  
5 Cash withdrawals."

6 That's referring to all transactions on the client  
7 account, isn't it?

8 A. I'm sorry, I lost the -- what you were reading. Could  
9 you repeat this question, sorry about this.

10 Q. Apologies. Under the subtitle "Cash deposits and cash  
11 withdrawals", second paragraph it says:

12 "The key AML and terrorist financing risks which LT  
13 is exposed to are:

14 Cash deposits (including allocated and unallocated).  
15 Cash withdrawals."?

16 A. Correct.

17 Q. That's describing, isn't it, the transactions on the  
18 client account?

19 A. Yes.

20 Q. And it encompasses, or is capable of encompassing  
21 physical cash and electronic cash movements?

22 A. Correct.

23 Q. So there the phrase "cash withdrawals", that is  
24 encompassing physical cash and electronic cash  
25 withdrawals.

1 17:34 A. Yes.

2           TECHNICIAN: Sorry, sir, for the interruption, but it has  
3                        been 1 hour and 35 minutes for the session, so if we can  
4                        have a break of just five minutes for the reporter now?

5           PRESIDENT: I'm aware of that, I'm about to have a break,  
6                        but I just wanted this questioning to be finished before  
7                        we break.

8                        So the transcriber can relax knowing that in just  
9                        a couple of minutes we will have our break. Thank you.

10          TECHNICIAN: Thank you, sir.

11          MR PRITCHARD: Thank you, sir. I will just finish my  
12                        questions on this document, and then I will invite us to  
13                        take a break.

14                        If you could then turn to 442, the next page of the  
15                        documents. And this is specific to cash withdrawals.

16                        Under the flow chart (distorted) flow chart, thank  
17                        you.

18                        So there is various criteria there which will  
19                        trigger further compliance review. For example if the  
20                        withdrawal is going to a third party which is in  
21                        contradiction of the client's usual practice, that is  
22                        the second bullet point. If there are any reputational  
23                        concerns concerning the third party to which the payment  
24                        is being made.

25                        So those criteria are not specific to physical cash,

1 17:36 are they, they apply to the assets cash, so electronic  
2 movements as well as possibly physical movements?

3 A. It is both, yes.

4 Q. Nowhere does it say one of the criteria to trigger  
5 a compliance review is if, for example, the withdrawal  
6 is more than, say, 50,000 in physical cash?

7 A. No, it does say that. It says it the withdrawal is  
8 greater than 100,000.

9 Q. Yes, but that --

10 A. (Overspeaking).

11 Q. That captures electronic movements and cash movements.  
12 But we know that physical cash is a much higher risk  
13 asset than electronic cash?

14 A. We had the same rule for physical and electronic:  
15 100,000. And this number was discussed with PWC,  
16 Jennifer Adams, I was involved in those discussions, and  
17 compliance of course.

18 Q. Does it strike you as odd now, accepting as you have  
19 done that physical cash is a higher risk commodity, that  
20 you would have the same compliance threshold for  
21 physical cash as you would for electronic cash?

22 A. Again, at the time it was discussed, and all parties  
23 agreed that this was legitimate, because the amount of  
24 relatively small, so ...

25 MR PRITCHARD: Sir, no further questions on this document.

1 17:38 I wonder if this is an appropriate moment to take  
2 a five minute break?

3 PRESIDENT: Yes. And during that break, perhaps you can be  
4 considering, both sides can be considering what  
5 arrangements we should be making come 3 pm UK time for  
6 the remainder of the case.

7 Thank you.

8 MR PRITCHARD: Thank you, sir.

9 (5.38 pm GST)

10 (A short break)

11 (5.45 pm GST)

12 PRESIDENT: We can continue, thank you.

13 MR PRITCHARD: Mr Rollet, could you please go to  
14 paragraph 26 of your witness statement. It is B98. And  
15 at (3) you say:

16 "In an email dated 2 August ... Mr Shah shared  
17 a working draft of the TMP with the DFSA, along with  
18 other documents, for DFSA's review."

19 So when you drafted this you had the specific email  
20 in mind dated 2 August 2015?

21 A. Yes, I was referring to that particular email of  
22 Mr Shah.

23 Q. And you are saying that Mr Shah shared a document with  
24 the DFSA on 2 August?

25 A. On or around that time.

1 17:49 Q. Can we go to C/468. Here we have an email from Mr Shah  
2 to yourself, amongst others, not to the DFSA, and he  
3 says:

4 "All,

5 I have created a set of hard copy files which  
6 contains all of the materials referred to in the letter  
7 sent to the DFSA on 31 July 2015."

8 Then at the -- no. That's it. This is not an email  
9 sent to the DFSA. Mr Shah was simply saying he had  
10 prepared a bundle of documents that are referred to in  
11 a letter. That's what he is saying, isn't it?

12 A. Yes, correct. However, the common practice at that time  
13 with the DFSA is for voluminous files, including all of  
14 these different documents which were several hundreds of  
15 pages, it would be put on a USB stick and hand-delivered  
16 to the DFSA offices.

17 Q. Hang on. Your witness statement said "In an email dated  
18 2 August Hinesh Shah shared a work draft of the TMP with  
19 the DFSA". This is the email. This is not sharing  
20 a draft of the TMP with the DFSA is it?

21 A. Maybe it is the wording of my sentence, but the  
22 intention was to express that these documents had been  
23 sent to the DFSA.

24 Q. There is no evidence, is there, that the document were  
25 sent to the DFSA. No documentary evidence?

1 17:51 A. There is not an email. However, if you look at the RMP  
2 it is very clear that these documents had been shared  
3 with the DFSA because they were part of the various RMP  
4 points, and in the RMP number 2 and number 20 had to do  
5 with transaction monitoring programme. So it is  
6 inconceivable that we would not share these policies,  
7 these procedures, with the DFSA.

8 Q. If we could go to 664 of the bundle, please.

9 Here we have an email dated 7 October 2015, and this  
10 email is sent to internal staff at the firm, isn't it?

11 A. Yes, it is.

12 Q. In your witness statement you said that:

13 "Over the period April to July 2015 seven employees  
14 from PWC as well as a senior partner were assigned to  
15 assist La Tresorerie with the RMP."

16 This is October, so this is some three months later,  
17 and this email is being sent to La Tresorerie staff,  
18 isn't it?

19 A. Yes, it is.

20 Q. And what is happening here is an updated version of the  
21 TMP is being circulated.

22 A. Yes, that's exactly right.

23 Q. This version of the TMP was not sent to the DFSA was it?

24 A. I would have imagined that we kept the DFSA apprised of  
25 the TMP because it was an ongoing discussion and the RMP

1 17:53 was not fully finished and we were working -- we  
2 continued to work with PWC on this. So we had a duty  
3 to -- and the DFSA would have reminded us if they didn't  
4 receive documents.

5 Q. A copy of the TMP version 2.1 was not sent to the DFSA  
6 was it?

7 A. It was sent through a USB stick that we delivered to the  
8 DFSA.

9 Q. No, before you were talking about 2 August. So are you  
10 saying on 7 October there was another USB stick  
11 delivered?

12 A. No, I was talking about 2 August, yes.

13 Q. Okay. So this 7 October one, version 2.1, this version  
14 was not sent to the DFSA was it?

15 A. I don't know.

16 Q. And this version was not sent to PWC either was it?

17 A. It would have been, because PWC were assisting on the  
18 TMP all throughout, and they were still engaged  
19 in October.

20 Q. There is no email sent or received from PWC or from  
21 a La Tresorerie employee sending version 2.1 between  
22 La Tresorerie and PWC?

23 A. How do I know that? I don't have the access to all the  
24 emails that were sent between PWC and LT.

25 Q. You have access to all of the relevant documents in the

1 17:54 bundle. In the bundle there is no evidence of it, is  
2 there?

3 A. In the bundle, there is no -- yes, that's correct.

4 Q. If we could go please to 724. We have an email from  
5 Ms Adams to the staff at La Tresorerie, including  
6 yourself. Dated 8 November. She says:

7 "Hello all, attached is latest draft of the proposed  
8 fee schedule for 2016. Please have a careful read and  
9 provide any of your feedback asap."

10 Then if we turn to 725, we see Mr -- if we go to the  
11 middle of the page, we see Mr Henny has responded with  
12 a couple of small remarks. I just want to ask you the  
13 bit that is under "Cash and commodity fees", it says:

14 "Incoming & Withdrawal transfers - ?? What is this?  
15 Given the fee level we're talking about cash withdrawals  
16 & Deposits - is there a reason not to use this (more  
17 obvious) description?"

18 He is saying here, isn't he: why can't we call the  
19 physical cash withdrawal system process what it is?

20 That's what he is saying, isn't it, Mr Rollet?

21 A. Well, he wants to be -- he is proposing to be more  
22 precise, I guess.

23 Q. It is not precise, is it, he is trying to be --

24 A. More obvious.

25 Q. -- clearer?

1 17:56 A. Well, he is saying obvious.

2 Q. I think a phrase you used in your witness statement is  
3 "open and transparent". He is trying to be more open  
4 and transparent about what the physical cash withdrawal  
5 service is. That's what he is saying, isn't it?

6 A. Yeah, he is suggesting a different way to describe it,  
7 yes.

8 Q. Then if we go to the top of the chain, we see Ms Adams  
9 has replied, and you are cc'ed into the reply. And you  
10 say -- Ms Adams says "good to have all your feedback",  
11 but in relation to the cash one she says:

12 "On the Cash one - we have to leave at that as can't  
13 use many other words (e.g. deposit, physical,  
14 receipts)."

15 Why couldn't La Tresorerie use the term "physical"  
16 to describe a physical cash process?

17 A. I think Jennifer didn't want to encourage clients to use  
18 physical cash withdrawals as it depleted the assets  
19 under management that La Tresorerie had, and was -- had  
20 a negative impact on our P&L.

21 Q. If someone is going to withdraw their money, they are  
22 going to withdraw their money whether you call it  
23 a "withdrawal" or a "physical withdrawal". But what she  
24 is saying is we can't use the word "physical". Did it  
25 cause you concern she was saying: there are certain

1 17:58 words we can't use on our own fee schedule?

2 A. No, because she told me she didn't want to encourage  
3 clients to do that, yet it was a service that was  
4 offered, so she chose this particular language, but she  
5 didn't want people to -- for this information to  
6 encourage people to take cash out.

7 Q. It is important for firms to communicate with their  
8 clients in a manner that is clear, firm, and not  
9 misleading. Are you saying that she was trying not to  
10 be clear to your client as to what services you  
11 provided?

12 A. I'm not saying that. I'm saying that she was using  
13 a different type of language than physical cash because  
14 she didn't want too many clients to take physical cash  
15 out however, the fee schedule was abundantly clear. If  
16 you spent a few seconds looking at the first two lines  
17 there were different fees for wire transfers. So it was  
18 plain and obvious to everyone that there were two  
19 possibilities. Also, I don't recall any clients asking  
20 me questions about this.

21 Q. Mr Henny certainly didn't think it was obvious, because  
22 he said "couldn't be there a more obvious description".  
23 So he obviously wanted his clients to know the services  
24 in more clear, fair, transparent terms.

25 A. I didn't have a discussion with Mark on this.

1 18:01 Q. This email shows that you are describing the service  
2 that the clients are being offered as a withdrawal  
3 service. When one goes to an ATM and takes money from  
4 one's bank account, you are withdrawing money from  
5 a bank account; that's a withdrawal isn't it?

6 A. Yes.

7 Q. Under this process, client money was being transferred  
8 to a third party under an invoice issued to the client.  
9 That third party was charging a fee, and then cash was  
10 being provided to the client.

11 Now, that's not a withdrawal is it?

12 A. Well the result was a cash withdrawal for the client.  
13 The client asked for 10,000 euro and received  
14 10,000 euro. So it is a withdrawal. I don't see how it  
15 cannot be a withdrawal.

16 Q. What happened to their money during a process was their  
17 money was transferred to a third party, Cosmic and  
18 New World, you now say it was then transferred to EEC.  
19 Then EEC gave cash to La Tresorerie, and then that cash  
20 was given to the client.

21 Now it is not really fair to describe that as  
22 a withdrawal, is it?

23 A. The cash was debited from the client's account at the  
24 same time -- or there right after the cash -- the client  
25 received his cash. So in that sense it was a cash

1 18:02 withdrawal. I don't see how it cannot be a cash

2 withdrawal. I fail to understand that.

3 Q. Go to C/34, please. This is part of a consultation  
4 paper that the DFSA put out in relation to client money.  
5 And I'm just going to ask you about a sentence of it and  
6 ask you whether you agreement it was put out  
7 in April 2009. At paragraph 9, four lines down there is  
8 a sentence saying:

9 "These key requirements help to constrain an  
10 authorised firm in the way it handles client assets and  
11 makes it clear to third parties that the assets are not  
12 the authorised firm's."

13 Do you agree the client money is money that a firm  
14 holds on behalf of a client and is not the firm's own  
15 money?

16 A. Yes.

17 Q. Can we go to page 1047. Here we have an email, and if  
18 we start with your email at the bottom, it is from  
19 yourself to Mr Henny:

20 "Forgot to ask you, Mark, can you please send me  
21 your template for cash transport as I have a sizeable  
22 amount tomorrow, thanks."

23 So when you sent this email you knew that Mr Henny  
24 had a letter template that he carried with him when he  
25 was transporting physical cash, didn't you?

1 18:04 A. Yes.

2 Q. And you were going to be transporting physical cash, so  
3 you asked for a copy of the letter?

4 A. Correct.

5 Q. You wanted the letter in case an official during your  
6 movements stopped you and asked you about the physical  
7 cash you were carrying?

8 A. I needed documentary evidence even though I knew that it  
9 was perfectly legal to travel from Dubai to Switzerland,  
10 both on the Dubai side and on the Swiss side, with cash.

11 Q. Are you aware of the organisation Financial Action  
12 Taskforce, FATF?

13 A. Yes.

14 Q. They develop policies to combat money laundering, don't  
15 they?

16 A. Yes.

17 Q. They identified that movement of large sums of physical  
18 cash across international borders is a warning sign of  
19 money laundering, yes?

20 A. Yes, that's what they say, yes.

21 Q. And that is why an official may stop you, because an  
22 official may be concerned that there is money laundering  
23 taking place, and they may ask you questions about what  
24 is the physical cash that you are carrying?

25 A. Yes.

1 18:06 Q. And you wanted a letter in place that would give an  
2 answer to that official -- when they stopped you saying  
3 "Why are you carrying physical cash?", you wanted  
4 a letter to show the official so you could ease any  
5 concerns they had; that's right, isn't it?

6 A. Yes, because that's the way Mark had been operating for  
7 a while and he had shared with me the letter in the  
8 past. I had looked at it and together with finance we  
9 had made some changes to it, and I -- but I never kept  
10 a copy of the letter, so when I travelled I asked him  
11 for a copy of the letter.

12 Q. Okay. Could we go to 1028, please.

13 If we scroll down we see it is a letter from the  
14 firm:

15 "To whom it may concern, with this letter we confirm  
16 that we have asked our employee Mr Henny, passport  
17 number [et cetera], to carry with him an amount of  
18 716,000 euro in cash. These funds are beneficially  
19 owned by La Tresorerie, a financial services firm  
20 registered in Dubai ... licensed [cat] 3C financial  
21 services company ..."

22 Yes?

23 A. That's what the letter reads, yes, of course.

24 Q. And the letter at the bottom, it says "Yours sincerely  
25 Gilles Rollet", if we can scroll down slightly. If we

1 18:08 could scroll down to the names.

2 Mr Rollet, if you take it from me for the time being  
3 your name is -- Gilles Rollet, CEO, La Tresorerie.  
4 There it is.

5 When presenting a document to an official, an  
6 unsigned document is less persuasive than an officially  
7 signed document, isn't it?

8 A. Sure.

9 Q. And Mr Henny says when he transported money using this  
10 letter he always got you to sign it; that's correct,  
11 isn't it?

12 A. That's correct, but there was also a stamp with my  
13 signature in the firm, and sometimes I know he used  
14 a stamp as well.

15 Q. So when Mr Henny transported these 716,000 euros, you  
16 would have stamped or signed this document, wouldn't  
17 you?

18 A. I don't recall that particular amount, and I'm not sure  
19 this is exact. Do you have a copy of the debit in  
20 Atrium to show that 716 were debited to a client?

21 Q. I don't. Your counsel may have, and no doubt they will  
22 show new re-examination if they do.

23 It says there "these funds are beneficially owned by  
24 La Tresorerie". Now, I want to take you to what you  
25 said about that in interview. Bundle D, page 1296.

1 18:10 Line 25, please.

2 You are being asked about this letter. And you are  
3 saying that you will make some amendments if you were to  
4 be using it. And you were asked what amendments would  
5 you make, and you said "Oh, the name" -- sorry,  
6 Ms Paddon says.

7 "And the name, because --"

8 And you say:

9 "Yes, the name."

10 And Ms Paddon says:

11 "-- because it says 'Mark Henny'. Do you think you  
12 made any --"

13 Then you say:

14 "The funds are beneficially owned by La Tresorerie,  
15 that's incorrect".

16 Then Ms Paddon says:

17 "Because?"

18 And you say, over the page:

19 "Because they were not beneficially owned. Oh,  
20 actually in a way -- no, they are client's money, so  
21 this is not correct."

22 So the letter was wrong, wasn't it, when it said  
23 funds are beneficially owned by La Tresorerie?

24 A. At the time of the interview I had forgotten exactly  
25 what was going on and why the letter was written in this

1 18:11 way. As I explained a little bit earlier this  
2 afternoon, La Tresorerie was not debiting the client  
3 accounts, it was debiting its P&L. So that's why the  
4 sentence was to refer to La Tresorerie was beneficially  
5 owned by LT. Because this is the account that was  
6 debited. It was not the account of the client's.

7 Q. If you could go to your third witness statement, please.  
8 B/108, paragraph 61(2). You say in your third witness  
9 statement:

10 "I note the DFSA's reliance on a cash letter  
11 purportedly issued by in arriving at its decision.

12 I state in this regard that:

13 (1) the letter was a template which Mr Henny had  
14 created. It was not created by me.

15 (2) to the best of my recollection, on the one  
16 occasion where I did use the cash letter I amended it to  
17 reflect the true position."

18 Which is consistent with what you said in interview,  
19 which was the letter did not contain the true position.

20 A. No, what I was saying is that the letter was a template  
21 which Mr Henny had created, he showed me the template,  
22 we had a look at it with finance, and we decided to  
23 change the way it was initially designed to reflect the  
24 true position that the funds were beneficially owned by  
25 LT.

1 18:13 Q. Okay, on this occasion that you are using the letter,  
2 when you used the letter, you were transporting physical  
3 cash from the client account to the safe in Switzerland,  
4 yes?

5 A. From the custody account which included both LT's fees  
6 and the client's funds and security.

7 Q. And you were taking that to Switzerland to restock the  
8 safe?

9 A. Correct.

10 Q. So that wasn't money that was going to be given  
11 immediately to a client, that was client money coming  
12 out of the client account to restock the safe. So later  
13 you could give money to a client if you so wished.

14 A. Yes, but in between it was -- the money that we used was  
15 the money from LT.

16 Q. We'll come on to the safe shortly, but your evidence in  
17 relation to the safe is that you thought the safe was  
18 a custodian. And that you could store client money in  
19 the safe. Are you now saying in fact you were not  
20 storing client money in the safe, you were storing  
21 La Tresorerie's own money in the safe?

22 A. No, that's not what I'm saying. Through the accounting  
23 process, during the transport, the money was reflected  
24 as LT money, and LT accounting debited, once the money  
25 reached the safe and was in the safe, then the entry was

1 18:15 reversed. I think that's how finance organised the  
2 process.

3 Q. I see. So because of some internal record that you say  
4 is created and then later reverted by finance, you say  
5 that the money goes from being client money to not being  
6 client money to then being client money again?

7 A. It is easy because the -- the funds are in the same  
8 account. LT funds are in the same account. So  
9 I believe it was an accounting entry, and this  
10 accounting entry was validated by finance, was validated  
11 by EY, and also by our internal auditors.

12 Q. In your skeleton argument for today's hearing, for this  
13 week's hearing, paragraph 112(2) -- and this skeleton  
14 argument is drafted by your counsel, and you would have  
15 given her instructions to settle this document, wouldn't  
16 you?

17 A. To settle the document?

18 Q. Sorry, to submit this document?

19 A. Yes, of course.

20 Q. At paragraph 112 subparagraph 2 it says:

21 "It is accepted that the letter used by Mr Henny  
22 contained inaccurate information."

23 That was your case in your skeleton. Are you now  
24 saying that the letter that Mr Henny sent actually  
25 contained accurate information?

1 18:17 A. The first copy of the letter I got from Mark contained  
2 the wrong information.

3 Q. Let's look at the letter. It was at C/1028. What is  
4 the wrong information in this letter?

5 A. So this is the second version of the letter. I was  
6 referring to the first version of the letter. But this  
7 one of course the amounts and the passport number and  
8 Mark Henny were wrong.

9 Q. No, no. Mr Rollet, the skeleton says "it is accepted  
10 that the letter used by Mr Henny contained inaccurate  
11 information". You emailed Mr Henny and said "Please  
12 send me the letter that you used", this is the letter he  
13 replied saying "This is the letter I used", and your  
14 skeleton says it contains inaccurate information. Which  
15 is what you had said previously in interview, and we  
16 submit in your third witness statement, but you are now  
17 saying this document letter we see on screen, that  
18 didn't contain inaccurate information?

19 A. The second paragraph didn't contain -- no, that's right.  
20 I was referring in my skeleton to the first iteration of  
21 this letter.

22 Q. Where do we see that in the bundle?

23 A. I don't know, I don't have a record of it.

24 Q. Okay. And your position today is that 716,000 euro  
25 happened to be La Tresorerie fees -- or they were called

1 18:19 La Tresorerie fees as they were being transported across  
2 an international border?

3 A. No, because I don't recall that amount, and I don't  
4 recall Mark taking that kind of money to Switzerland.

5 Q. When you did see this letter with that amount of money  
6 on was it a red flag to you that maybe the firm is  
7 operating a process and procedure that is not  
8 appropriate?

9 A. I forget exactly what I said, but I would have said  
10 something to Mark that, I hope you are not transporting  
11 this kind of money.

12 Q. Well, he was --

13 A. I --

14 Q. What did --

15 A. Do we have a client receipt for 716,000? I doubt it.

16 Q. No, we have your email to him saying "Can you send me  
17 the letter you used when you transported cash"?

18 A. The template, yes.

19 Q. On the occasion you did transport cash on this instance  
20 you were stopped weren't you?

21 A. Yes.

22 Q. And you had to show the official the letter?

23 A. Correct.

24 Q. And you were stopped, I think it was for about five  
25 minutes, wasn't it, while they asked questions?

1 18:20 A. Yes, not very long.

2 Q. But it is still a memorable occasion, to be stopped by  
3 an official in an airport when you are carrying large  
4 sums of physical cash?

5 A. It was a very -- to be honest a very friendly  
6 discussion. He just asked me what is this money for,  
7 and I'm saying I'm transporting it to a safe in  
8 Switzerland, and I showed him the letter, and that was  
9 it. So ... and I didn't really have any kind of anxiety  
10 because we had checked that it was legal to carry money  
11 across the boarder of the UAE into Switzerland on both  
12 sides.

13 Q. Could we go to what you said in your interview about  
14 that, D/1270. Lines 24 to 28.

15 Again, this is your DFSA interview, where you were  
16 sent that pre-interview disclosure, and it has been  
17 confirmed over the lunch break that you received the  
18 documents that were sent with the pre-interview  
19 disclosure. Ms Paddon is asking:

20 "So was there ever an occasion when you took the  
21 money to the safe or to a specific client from Dubai to  
22 wherever?"

23 So she was specifically asking you, was there any  
24 occasion when you took money to the safe.

25 And the reply was:

1 18:22 "I didn't take money to the safe, except with  
2 a client who was depositing."

3 That reply was wrong, wasn't it?

4 A. It was wrong because I didn't remember the event, and  
5 I was focused more on -- I remembered very clearly  
6 a trip together with a client. When we went to be to  
7 Lugano and it was a big affair because we had to spend  
8 some time together, we had to go to Credit Suisse to  
9 count the money, and that was what I immediately  
10 remembered when Ms Paddon asked that particular  
11 question.

12 Q. You didn't remember the occasion you had been stopped by  
13 an official in an airport for five minutes and asked  
14 questions about why you were carrying large quantities  
15 of physical cash?

16 A. At the very moment Ms Paddon asked me the question, it  
17 didn't spring to my mind. But of course I remembered it  
18 afterwards and I confirmed the details of that  
19 particular transaction to Ms Paddon later in the  
20 interview.

21 Q. If we could look at C/301.

22 We have an email, July 2015, so this is right at the  
23 beginning of the drafting of the TMP document, from  
24 La Tresorerie to PWC, and it says list of custodians  
25 used by LT.

1 18:24 Now LT had to tell PWC "these are our custodians",  
2 didn't they, because there is no way of PWC knowing  
3 otherwise?

4 A. There is a way: in the system it was quite clear which  
5 custodians we had. And PWC also had access to the  
6 reconciliation that we were doing between the various  
7 custodians and the Atrium system where it was explicit  
8 which custodians we had.

9 Q. If we then turn the page to see what the list that is  
10 sent.

11 We have the various custodians, we have seen all  
12 their names before in for example the regulatory  
13 document that you put together.

14 No mention here that the firm had a safe that it was  
15 also purporting to use as a custodian, is there?

16 A. I could not find the contract of -- for the safe, but  
17 I believe it was after this particular email. I don't  
18 think we started with the safe at that stage. I could  
19 not find any emails on that, I'm sorry.

20 Q. The safe is never introduced into a version of the TMP.  
21 So are you saying the safe didn't come into existence  
22 until after the TMP was drafted?

23 A. In the TMP I don't recall that it was there, but  
24 certainly in the system, in the Atrium system of the  
25 firm, which is the important part of the information

1 18:26 that we have, and which is also audited by our external  
2 auditors, internal auditors and reviewed on a daily  
3 basis by finance, it was there. And there was an Ardent  
4 report after the time I left which shows that we clearly  
5 indicated where there was Nostro safe and this was  
6 even -- it was on 11 May, which was a good five months  
7 after I left.

8 So this information was there, and it was not  
9 hidden. It was very clear that we had a Nostro safe,  
10 and during the process of reconciliation you need to add  
11 all of the Nostros to get to the same amount that you  
12 have in your system in your Atrium system. And that  
13 exercise was done a daily basis.

14 Q. In your witness statement in relation to the safe you  
15 say LT performed due diligence on AM Family Office.

16 Now, the safe was stored in AM Family Office's  
17 offices wasn't it?

18 A. Yes, that's right, in Lugano.

19 Q. And you say:

20 "And the compliance team gathered information to  
21 satisfy itself that AM Family Office was a suitable  
22 custodian with respect to protecting client assets and  
23 client monies."

24 That's what you say in your witness statement.

25 Now, Mr Sherriff has given evidence, and he said

1 18:27 that he did not know that the firm had a safe in  
2 Switzerland storing client money until he resigned.

3 Did you ever tell Mr Sherriff personally about the  
4 safe in Switzerland?

5 A. It was common knowledge in the firm, and --

6 Q. Did you ever tell --

7 A. -- Mr Sherriff's responsibility was to review all the  
8 agreements that LT was signing, whether with custodians  
9 or other agreements, he even said it in several of his  
10 emails, and his responsibility was also to maintain  
11 proper custodian files which was constituted for the  
12 safe.

13 Q. Did you ever personally tell Mr Sherriff "We have a safe  
14 in Switzerland"?

15 A. I don't recall these discussions. It is too far back,  
16 and --

17 Q. Toni Morgan says that she was unaware that the firm had  
18 a safe holding client money in Switzerland. Did you  
19 ever speak to Toni Morgan directly about the safe?

20 A. I don't recall that discussion, but at the same time  
21 I would like to say the same thing as with Ewan, it is  
22 virtually impossible for them not to know about the safe  
23 because there were files, there was a contract, it was  
24 in open plan, and it was part of the reconciliation  
25 exercise that Jennifer Adams did and compliance was

1 18:29 reviewing, that Jennifer Adams was doing her job  
2 properly. So they would have seen also the  
3 reconciliation where Nostro safe was showing up. So  
4 I don't accept that particular comment.

5 Q. In your witness statement, as I read out, you said that  
6 LT performed due diligence on AM Family Office, and the  
7 compliance team gathered information to satisfy itself  
8 that AM Family Office was a suitable custodian for  
9 protecting client's assets.

10 If you didn't have a conversation with Mr Sherriff  
11 and Ms Morgan about the safe, how do you know that they  
12 had carried out the suitability check as to AM Family  
13 Office?

14 A. Because I remember discussions with AM Family Office and  
15 also with Jennifer Adams who was in charge of handling  
16 this more operational matter, where we obtain the  
17 regulatory status of AM Family Office, and we obtained  
18 brochures explaining that AM Family Office safe was the  
19 former safe of the previous tenant in the building,  
20 which was the bank BSI, and there were descriptions of  
21 the type of security in the safe, the -- some of the  
22 procedure for access, and the fact that AM Family Office  
23 was registered and authorised to provide that service.

24 Q. Is it your evidence now that Jennifer Adams carried out  
25 the suitability review of AM Family Office?

1 18:31 A. Jennifer was handling all the files. For the  
2 custodians.

3 Q. But Jennifer is not compliance?

4 A. No, she is not compliance, but she was putting them  
5 together and then compliance was reviewing them.

6 Q. Did you follow up with compliance and check that they  
7 had carried out the assessments?

8 A. I don't recall. I am sure that Jennifer would have done  
9 her job properly, she was highly experienced and very  
10 precise and thorough, so I trusted her to finalise the  
11 process which I started.

12 Q. Client monies -- client money rules require client money  
13 to be stored in a client account, doesn't it?

14 A. Or we treated again the safe as a Nostro, which is an  
15 account.

16 Q. I'm asking you about the client money rules, which at  
17 the outset you accepted you knew about because you had  
18 27 years of experience, 7 years of experience in the  
19 regulatory space of Dubai.

20 Client money rules require client money to be held  
21 in a client money account, don't they?

22 A. Yes, but I understood the safe to be a client money  
23 account. A Nostro.

24 Q. A safe is not an account, is it?

25 A. You are right, a safe is a safe, but we were holding

1 18:33 client money in that -- in the safe physically, because  
2 it was cash, and it was treated in our accounting system  
3 as a Nostro account which belonged to the clients.

4 Q. But the client money rules are not focused on how you  
5 treat something in internal accounting systems, they are  
6 about protecting consumers to ensure their client money  
7 is kept in appropriate custodians. The safe was not an  
8 appropriate custodian for client money, was it?

9 A. I believed at the time that it was.

10 Q. If we could look at C/962. This is a letter from EY,  
11 who have carried out an audit in relation to client  
12 money. If you could look at the answer on the bottom of  
13 the page to question 3, row 3. These are issues that  
14 they identified in relation to client money. If you go  
15 up, 3:

16 "We noted that the company's agreement states that  
17 the custodians are located in Switzerland. However, the  
18 company's custodians are located in United Kingdom and  
19 Monaco."

20 Then if you go over the page, it says that:

21 "In addition, the requirements at this point are not  
22 specifically mentioned in the customer agreements."

23 So that's what EY have said in their audit.

24 So if we go back to the first page we were looking  
25 at first. So they said:

1 18:36 "Company's agreement states that the custodians are  
2 located in Switzerland, however in fact they are in UK  
3 and Monaco."

4 EY didn't think that the firm had a safe holding  
5 client money located in Switzerland, did they?

6 A. I'm a bit puzzled by this comment. Because we had  
7 Swissquote, which is based in Switzerland, which is  
8 a very large -- was a very large custodian for LT. So  
9 I don't know what they referred to in terms of the's  
10 agreement. Because I can see that they would miss  
11 \$300,000 which was in the safe, but how could they have  
12 missed maybe at Swissquote we would have had 100,  
13 150 million? So I don't understand this.

14 Q. Did you read this audit report when it was presented to  
15 the firm in April 2016?

16 A. Of course I would read every report.

17 Q. And did you query, "What do you mean, EY, when you say  
18 there is no custodians located in Switzerland"?

19 A. I don't remember.

20 Q. And the response of management, which is the right-hand  
21 side column, doesn't say, "Oh, hang on, we have  
22 a custodian in Switzerland", the response from  
23 management is "This will be updated during 2016". So  
24 the management response does not challenge EY, does it?

25 A. I don't understand, that because if it is referring to

1 18:37 custody agreement, as I said, we also had -- we had many  
2 more custodians than in Monaco and the UK, we had  
3 custodians in Dubai, DIB, we had Shuaa Capital, we had  
4 custodians as I said in Switzerland. So I don't  
5 understand why this paragraph is not there, because it  
6 is -- as far as I know, inaccurate, and I agree with you  
7 that the management response is inaccurate. Because it  
8 should be more complete saying that -- of course it is  
9 going to be updated, but it will include the various  
10 custodians which are DIB, Shuaa Capital, Swissquote,  
11 Nostro safe and so on.

12 Q. C/1111, please.

13 A. So this is the document you wanted to look at. Okay.

14 Q. So a letter from 12 January 2017. This is from  
15 yourself. Can you recall this letter?

16 A. Yes.

17 Q. And you say:

18 "As part of my obligations to hand over the firm's  
19 assets, please note that the firm has a safe in  
20 Switzerland holding client money."

21 So you wrote this letter because you wanted to  
22 notify the firm that it had a safe, didn't you?

23 A. I wanted to highlight it, yes.

24 Q. And this is going to the chairman of the board. So he  
25 didn't know there was a safe in Switzerland did he,

1 18:40 before this letter?

2 A. He was hardly involved. He only came in as chairman  
3 less than a month before I sold my shares, and he never  
4 participated in any of our finance meetings. He was  
5 more there during -- there was a shareholder dispute,  
6 and he was basically the mediator in this dispute, more  
7 on Sylvain's side than my side, but he was not really  
8 involved in the business until after I left.

9 Q. And you were concerned, weren't you, that if you didn't  
10 tell him about the safe then the firm might not know  
11 about the safe?

12 A. I thought it was important to highlight it, although  
13 I knew it was recorded in our system. As per the Ardent  
14 report I already mentioned, Nostro safe was part of the  
15 accounting, so it was there, but I wanted to highlight  
16 this particular situation, and I also wanted to  
17 highlight exactly how much money was -- just as a trace  
18 to protect myself, that how much money was in the safe.

19 Q. Could we look at page 1164.

20 At 1164 we have an application for authorised status  
21 that has been made to the DFSA, and it is signed by you.  
22 We see it is signed 12 January 2017. And you have  
23 declared there, number 4:

24 "I confirm that I have authority to make this  
25 application, to declare as specified above and sign this

1 18:42 form on or on behalf of the authorised firm."

2 So on 12 January you were signing regulatory  
3 documents on behalf of the firm, weren't you?

4 A. This was, I believe, for an application from the -- for  
5 one of the directors --

6 Q. Adam Shanti?

7 A. Yes, because I had to -- I was still on the record at  
8 the DFSA until I think towards the last part of January.  
9 However, I was not active in the firm, but as part of  
10 the sale and purchase agreement to sell my shares  
11 I still had to fill in these papers for the directors to  
12 be appointed.

13 Q. In your witness statement you said you ceased to have  
14 any dealings with the activities of La Tresorerie from  
15 26 December 2016. Having seen this document now, that  
16 is just not right, is it?

17 A. No, the activities, I was describing the business  
18 activities of La Tresorerie.

19 This is again part of the sale and purchase  
20 agreement. I was required by my partner, my ex-partner,  
21 to sign these documents so that these individuals could  
22 become directors. Does not describe that I had any sort  
23 of activity at LT. I just still had the signatory power  
24 because of the time it takes for DFSA to remove  
25 individuals from the -- from their regulatory function.

1 18:44 Q. In your witness statement you said you always believed  
2 that the firm could provide cash withdrawal services.  
3 This is the last thing I want to take you through.

4 So you say you always believed that the firm could  
5 provide cash withdrawal services and you refer to  
6 a number of reasons.

7 I just want to walk you through, in the last few  
8 minutes of this cross-examination, what you say there.

9 First, you say that you had that belief because it  
10 happened at Mirabaud. Just because something happens  
11 somewhere does not mean that it is lawful does it?

12 A. You are correct about that. However, Mirabaud was  
13 a large bank compared to -- or a large firm compared to  
14 LT, so there were -- versus LT it had -- there was a lot  
15 of input from our team, our compliance team and finance  
16 team in Geneva, and there were involved in the whole  
17 set-up of Mirabaud together with me.

18 So the level of scrutiny and the level of expertise  
19 at Mirabaud had to be a bit higher unfortunately than at  
20 LT, because LT was a complete start-up, as Mirabaud --

21 Q. Mirabaud -- apologies.

22 A. Sorry, at Mirabaud when I was there the firm was already  
23 700/800 people, and we relied extensively on Mirabaud's  
24 compliance, Mirabaud's internal audit and Mirabaud's  
25 finance to help us set up in Dubai.

1 18:46 Q. Mirabaud didn't use a process that involved firms like  
2 Cosmic and New World to provide physical cash, did they?

3 A. No, they did not.

4 Q. So one person may provide a service lawfully, but  
5 another person may provide a service in an unlawful  
6 manner, agree?

7 A. This is a generality, yes. I mean --

8 Q. Mirabaud had its own bank vault, didn't it?

9 A. Its own what?

10 Q. Bank vault. It was a bank?

11 A. In Geneva, yes.

12 Q. The second reason you say you believed LT could provide  
13 cash withdrawal service is you say the DFSA were  
14 provided with documents related to the TMP. And we have  
15 gone through the TMP. You did not personally inform the  
16 DFSA about the physical cash withdrawal service did you?

17 A. No, but in the TMP it was referred to that physical  
18 cash -- and it is on the appendix at the end of DIB,  
19 that physical cash was withdrawn or deposited.

20 Q. Yes, that is version 2.1, not version --

21 A. No --

22 Q. -- not version 1.7?

23 A. It is version 1.6 already.

24 Q. You will no doubt be taken to it in re-examination.

25 You then refer to the fact that Ms Morgan had raised

1 18:48 a concern about a client depositing physical cash as  
2 giving you grounds to believe that LT could provide  
3 a service to withdraw cash.

4 Now, the fact that she had concerns about depositing  
5 physical cash does not tell you anything about the  
6 propriety of a system to withdraw cash, does it?

7 A. I'm referring to physical cash services in general. And  
8 the physical cash service which includes both deposits  
9 and withdrawals, this is what I'm referring --

10 Q. As we know, she raised a concern about physical cash in  
11 the context of deposits. So that didn't give you any  
12 comfort as to physical cash withdrawals?

13 A. In the context of deposits into the corporate account of  
14 LT, and not into the client account of LT.

15 Q. Next, you say that Mr Sherriff told you that DFSA had  
16 told him in a meeting with himself, Mr Shah and  
17 Ms Morgan, that the physical cash service was allowed.  
18 Ms Morgan says she didn't attend any meetings with the  
19 DFSA after December 2015, and you refer to a meeting in  
20 early 2016. You have got no basis for saying Ms Morgan  
21 is wrong there have you?

22 A. I am literally referring to what Ewan Sherriff told me.

23 So I don't have an email or anything, but I'm  
24 referring to a conversation which I remember very  
25 clearly that this is what he said at the time. And

1 18:50 that --

2 Q. And he said --

3 A. -- (overspeaking) services were discussed with  
4 Michael Wong.

5 Q. He says he can recall a short conversation with the DFSA  
6 about general principles, but no discussion around  
7 process at all. And we remember that his evidence is he  
8 didn't understand the process of Cosmic and New World.

9 A short conversation about general principles,  
10 without talking about what is actually going on, is no  
11 confirmation at all that a service is permitted, is it?

12 A. Again, this is what Mr Sherriff told me, and I was  
13 relaying that.

14 Q. Did you ask Mr Sherriff to put in writing what the DFSA  
15 told him?

16 A. He said he was going to put it in writing, yes.

17 Q. Did you check that he had put it in writing?

18 A. No, I could not.

19 Q. Did you contact the DFSA to confirm that the  
20 conversation had taken place?

21 A. No, because this conversation is relatively recent. It  
22 is in the past six months, so ...

23 Q. So this conversation with Mr Sherriff didn't happen at  
24 the time you were at the firm?

25 A. It could have happened as well, but he told me about

1 18:51 this also recently.

2 Q. Okay, so when you were at the firm you didn't know that  
3 Mr Sherriff had had this purported meeting with the  
4 DFSA?

5 A. I don't recall that.

6 Q. Next you say that PWC and other external advisors did  
7 not tell that you the physical cash service was  
8 inappropriate.

9 There is no document, is there, recording any  
10 external lawyer advising you, or the firm, as to the  
11 physical cash withdrawal process?

12 A. There is no legal firm, that is correct. I would like  
13 to remind you that Mr Sherriff was a partner at a law  
14 firm, and that he was our head of legal at LT, and  
15 I relied on his judgment for these matters. This is why  
16 we hired him as well.

17 Q. Okay, but in your witness statement, one of the grounds  
18 for your belief is you say you relied on PWC and other  
19 external advisors.

20 So Mr Sherriff was internal, he is not an external  
21 advisor, we are focusing here on your reliance on  
22 external advisors. PWC we have looked at, Ernst & Young  
23 we have looked at. There is another firm called  
24 CGS Legal, isn't there?

25 A. Yes, correct.

1 18:53 Q. You did not instruct them --

2 A. And --

3 Q. -- to advise as to the legality of the physical cash  
4 withdrawal service, did you?

5 A. No, they did an overall review of our operations, which  
6 I believe included transactions. But most importantly  
7 one of the external parties I relied on, and strongly,  
8 was KPI, who were our internal auditors and they were  
9 asked to review all the transactions which they did, and  
10 they confirmed that in their report, they verified and  
11 found in order.

12 Q. Did they look at every single transaction that the firm  
13 had performed?

14 A. I don't think that's possible. Typically these people,  
15 what they do is they take several samples, because going  
16 through every transaction would be too long --

17 Q. You have said to us --

18 A. -- (overspeaking) ...

19 Q. Sorry.

20 A. Certainly they confirmed to us that they had done a full  
21 review of cash, they had received the fund monitoring  
22 programme and they reviewed it, and their overall  
23 conclusion was verified and found in order. So that  
24 sounds pretty affirmative that they found everything in  
25 order.

1 18:55 Q. You have said to us that the cash withdrawal process  
2 involved a minority of transactions at the firm. If  
3 they are taking a sample of transactions, you had no  
4 reason to know or think that they had looked at  
5 a withdrawal transaction did you?

6 A. Well, given the fact that the TMP version of what they  
7 had specifically referred to physical cash transactions,  
8 and using employee accounts, I would have expected the  
9 auditing firm to actually try to get samples of these  
10 particular transactions as well. That would be the  
11 normal course of action for any decent auditing firm,  
12 and KPI was one of those.

13 Q. Did you ensure that KPI knew about the Cosmic/New-World  
14 process that had taken place?

15 A. I forget whether we had that discussion. KPI main  
16 liaison was with me at the start of the work, and at the  
17 end to go over the report. During that time they had  
18 extensive interaction of course with Jennifer Adams, and  
19 with finance, both Josep and Bassab.

20 Q. So not compliance. This was operations and finance.

21 A. I'm sure they had -- no, because if you look at the  
22 report they also talk about compliance. I'm sure they  
23 had discussions with compliance. I'm just saying the  
24 main port of call would have been these other people,  
25 but talking to compliance, of course they would have

1 18:56 talked to compliance.

2 Q. Okay. Mr Rollet, during this very -- no doubt very long  
3 day for you, what we have seen is a process that  
4 involved paying client money, without client  
5 instructions, to unregulated third parties. You not  
6 understanding why those third parties, Cosmic/New-World,  
7 were involved in the process. Payments being made that  
8 are supported by invoices, that first have no legitimate  
9 basis to exist, second, do not reflect the true nature  
10 of the transactions that are being transacted. You  
11 personally carrying large sums -- oh, sorry, Mr Mackie.

12 If the technician is listening, I think sir's  
13 microphone is oscillating.

14 (Off record discussion)

15 TECHNICIAN: Are you able to hear us?

16 PRESIDENT: I got some message from your machine apologising  
17 for the technical difficulties that you are having.

18 So sorry for the interruption, but there we go.

19 The reason I was trying to speak was, Mr Pritchard,  
20 was that you were -- it is easy to forget that  
21 Mr Rollet's first language is not English. And you were  
22 making what seemed to me to be a very long question  
23 indeed, and if you are going to pursue that question,  
24 then I think you should ask it in bits, because it is  
25 far too long for frankly me to comprehend, let alone

1 19:02 Mr Rollet.

2 MR PRITCHARD: Thank you, sir. I will do that.

3 Mr Rollet, in your cross-examination we have seen  
4 a process that involves paying client money to Cosmic  
5 and New World without instructions to pay those entities  
6 that money, haven't we?

7 A. Yes, sorry.

8 Q. We have heard that you didn't understand why Cosmic and  
9 New World were involved in the cash withdrawal process  
10 in the first place, haven't we?

11 A. Yes.

12 Q. We have seen payments being made to Cosmic and New World  
13 that are supported by invoices that do not have any  
14 legitimate basis for being produced, haven't we?

15 A. Yes.

16 Q. We have seen you personally carrying large amounts of  
17 cash through airports, haven't we?

18 A. One time, yes.

19 Q. It is clear, isn't it, that the physical cash process  
20 that was put in place at the firm was inappropriate?

21 A. I was not told it was inappropriate at the time.

22 Q. Did you even ask yourself the question at the time: is  
23 this an appropriate way for a regulated company to be  
24 carrying out its business?

25 A. I did, and I relied again on very senior individuals, on

1 19:04 professional firms, including PWC, KPI, EY, and I spent  
2 vast amounts of money of the firm towards these people,  
3 these individuals, as well as the professional services  
4 firms that we were using, and I personally invested  
5 a huge amount of my time with these firms, with these  
6 advisors, reviewing things, working on procedures with  
7 them, and assuring that the firm was conducting its  
8 business in the right way, with all the resources that  
9 I had at my disposal.

10 MR PRITCHARD: Sir, I have no further questions.

11 I have exchanged in email correspondence with my  
12 learned friend during the course of the end of my  
13 cross-examination, and although it is now 3.05, I think  
14 our preference would be to finish Mr Rollet's evidence.  
15 I understand my learned friend does not have too much by  
16 way of re-examination, but we are in your hands, it is  
17 3.05.

18 PRESIDENT: The position is that my colleagues and  
19 I discussed this possibility and we are content for you  
20 to carry on and finish.

21 MS HANIF: I'm grateful, thank you.

22 I shan't be too long, I can assure you of that.

23 Re-examination by MS HANIF

24 MS HANIF: Mr Rollet, you may recall in your  
25 cross-examination you referred to a report from

1 19:06 Ardent -- and I think this was in the context where you  
2 were asked questions about the safe.

3 If I could ask you to turn to page 1289 in bundle C.

4 I'm grateful. If we scroll to the bottom of that  
5 page, what we can see in the bottom half of the page, we  
6 have three Roman numerals and then (iii) refers to the  
7 balance in the Nostro safe and it says it refers to  
8 a cash in safe of a custodian in Switzerland, and it  
9 talks about the balance in Atrium.

10 Does this accord with your recollection that the  
11 Atrium system did record the existence of the safe in  
12 Switzerland?

13 A. Yes, exactly. Because Ardent, the only information they  
14 received was the information derived out of Atrium.

15 Q. Now, I would next like you to turn to page 92 in  
16 bundle C.

17 You were asked a series of questions about this in  
18 the morning. And I think you said in cross-examination  
19 that you got advice from Toni Morgan.

20 Did Toni Morgan say anything to you at this stage to  
21 suggest that La Tresorerie should not be facilitating  
22 physical cash withdrawals?

23 A. No, she did not.

24 Q. You were then asked a series of questions around  
25 a document which can be found at page 987 of the bundle.

1 19:09 We don't need to turn to it, but you were also asked  
2 about a related receipt which, just for the tribunal's  
3 reference, it was 1022, but we don't need to turn to  
4 that. So you were asked about these two cash receipts.

5 To the best of your recollection, Mr Rollet, would  
6 this transaction have been subject to the transaction  
7 monitoring programme?

8 A. Of course it had to, because the rule was that any  
9 transaction over \$100,000 had to go through compliance.  
10 And authorised by compliance --

11 Q. Sorry, to the best of your recollection, did compliance  
12 raise any issues around the appropriateness of this  
13 transaction?

14 A. No. Never.

15 Q. Now, you were also asked a few questions about  
16 document 517. Just another cash receipt, and I'm  
17 slightly paraphrasing the Q&A between you and my learned  
18 friend, but I think you were asked questions about  
19 whether in your meetings and conversations with  
20 Jennifer Adams and compliance, did you ever say to  
21 them let's go through the DFSA rules.

22 Did compliance or Ms Adams ever say to you: let's  
23 sit down and look at the DFSA rules?

24 A. No, they did not.

25 Q. Would you have expected your compliance officer to take

1 19:10 that proactive position if that was necessary?

2 A. Of course.

3 MS HANIF: Pause with me one moment, sir, while I just check  
4 with my instructing solicitor whether there is anything  
5 else.

6 PRESIDENT: Take your time.

7 MS HANIF: There are no further questions, sir.

8 Thank you, Mr Rollet.

9 PRESIDENT: Mr Al Hashimi, do you have any questions for the  
10 witness?

11 MR HASHIMI: No, I don't have any.

12 PRESIDENT: Mr Storey?

13 MR STOREY: Neither do I, thank you.

14 PRESIDENT: Neither do I.

15 Mr Rollet, thank you very much for your evidence,  
16 and for keeping up your energy over what has been a very  
17 long day for you. So I hope you now relax and take it  
18 easy for a bit.

19 A. Thank you very much to the tribunal for taking the time  
20 to consider my application. I very much appreciate it.

21 PRESIDENT: Thank you.

22 (The witness was released)

23 HOUSEKEEPING

24 PRESIDENT: Right. So Mr -- I suppose technically it is  
25 Mr Pritchard. Where do we go from here?

1 19:12 MR PRITCHARD: Sir, the timetable that my learned friend and  
2 I had agreed at the outset, because we have the day for  
3 closings at the end of the month, was to exchange  
4 written closings. And that remains our preference, to  
5 produce written closings, and put them in.

6 If the trial had been proceeding without us missing.  
7 the Monday, we would have had a whole day now to prepare  
8 closings and then we would be closing on the last day of  
9 the trial.

10 That is our preference, sir.

11 MS HANIF: Sorry to interject. I think there might have  
12 been some confusion, because that is not our preference.

13 Perhaps I could simply set out where we are given  
14 the way events have transpired.

15 All the evidence has closed now, and as I understand  
16 it, tomorrow we are not going to sit at 8 am, it will be  
17 some later time.

18 Sir, given where we are, and in an effort to save  
19 further costs and expense, our preference would be that  
20 we return tomorrow, perhaps at 12 pm, to deliver oral  
21 closings. And it is our position, sir, that in essence  
22 this isn't the sort of case where there has been  
23 two weeks of oral evidence, it has been fairly modest as  
24 these things go, and in the main there is not a great  
25 deal of dispute around the documentation.

1 19:13 In our position it makes more sense to simply go  
2 into closings whilst the evidence is still fresh, and it  
3 would certainly be more proportionate than putting this  
4 back for a further three weeks and incurring the further  
5 time and expense of written closing submissions.

6 PRESIDENT: I think the position as we see it, and my  
7 colleagues and I have only discussed this very briefly,  
8 is that I appreciate this is a case where the underlying  
9 facts are not greatly in dispute, and its ambit is  
10 relatively -- compared with a two-week trial, is  
11 relatively modest. But I think that what we have found  
12 more helpful is to have from you short written closing  
13 submissions that don't involve great formality or the  
14 repetition of things which are already in your opening  
15 statements, but to have some short closing written  
16 submissions which we will consider. We won't consider  
17 it tomorrow, we will keep the date that we have got in  
18 the diary, and we will well before that period decide  
19 how far we need to have any oral submissions from you at  
20 all. If however one or either of you insist on having  
21 some oral submissions we will let you have those on that  
22 day.

23 Now, is that a reasonable compromise?

24 MR PRITCHARD: Sir, from the DFSA's perspective, it is. Can  
25 I apologise to my learned friend and the court. When

1 19:15 I said "our" earlier, I may have suggested I meant my  
2 learned friend and I. I meant the DFSA's position. So  
3 apologies if I misstated.

4 MS HANIF: Not at all.

5 PRESIDENT: I acquit you of the crime which I once detected  
6 in two solicitors managing clerks from the same firm who  
7 had gone in to a Master in the English High Court and  
8 said "Master, we are agreed", because in one sense they  
9 were, but their opponent was not there. That was one of  
10 the easier appellate decisions to take. Sorry, I'm  
11 wasting the time of everybody else.

12 MS HANIF: We are content with that, sir. We appreciate the  
13 approach you have indicated, because that does sound  
14 proportionate and cost effective, so we are grateful for  
15 that.

16 PRESIDENT: When you have finished your closing  
17 submissions -- they can be relatively short -- they need  
18 to address the evidence and what you urge us to take  
19 from the evidence as given. Obviously we have the  
20 background. If you could do that, and once you have  
21 done it and sent it in, either we or you, if we don't  
22 want to, can -- if we want a hearing on that date we  
23 will ask for it and let you know. And if either of you  
24 do, a bit nearer the time, when you have seen each  
25 other's closings, then we are open to that.

1 19:16 The experience of this tribunal has shown that is  
2 normally quicker and cheaper.

3 So when are you going to get your short written  
4 submissions in?

5 MS HANIF: Yes. That is -- I'm just looking at my diary.

6 PRESIDENT: Would you like to both think about it, and if  
7 you can agree, that is going to be fine with us, as long  
8 as it is in a reasonable time. Because we don't want to  
9 have forgotten about the evidence before we read your  
10 submissions.

11 So I will leave you both to see if you can suggest  
12 a sensible agreed period that gives you time to do it,  
13 but also enables it to arrive while we still have your  
14 case in mind.

15 MR PRITCHARD: Thank you, sir.

16 The one question I have is, if there was closings  
17 orally, sequentially, if I went first then my learned  
18 friend would go, and then obviously if she raises  
19 a point of law that has not been covered, I may be  
20 standing up and trying to make some reply submissions.  
21 Should we build into the timetable an opportunity for  
22 the advocates, at their own peril, to put a further very  
23 short document in reply, or do you just want --

24 PRESIDENT: A reply to a reply?

25 MR PRITCHARD: Well, we would want an opportunity to reply,

1 19:18 and I imagine my learned friend would say: well, if they  
2 are getting an opportunity to put in a second document,  
3 we want one.

4 PRESIDENT: Well, as long as it is relatively short. All  
5 right, well if you can agree it between you, and if you  
6 can't I with my colleagues will decide what to do, you  
7 can put in a -- short written closing, and then an even  
8 shorter reply to that if you really need to. But it  
9 does seem to me this is not the sort of case where  
10 people are going to be raising new points of law or be  
11 permitted to do so.

12 So unless there is anything else -- are my  
13 colleagues happy with that? We have not really talked  
14 about it? Is that okay, Mr Al Hashimi?

15 MR HASHIMI: I am fine with that.

16 MR STOREY: So am I.

17 PRESIDENT: In which case, we thank you all for your  
18 assistance and patience, and we will be in touch again  
19 shortly. Thank you all very much indeed.

20 MR PRITCHARD: Thank you, sir.

21 MS HANIF: Thank you.

22 (7.19 pm GST)

23 (The hearing adjourned)

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