

Brief statement of the reasons for the interim order

Interim Orders

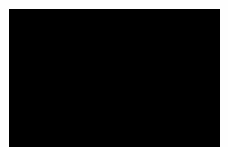
1. Under the Accountancy Scheme of 8 December 2014 (“**the Scheme**”), the Conduct Committee may decide to institute an investigation into a Member (paragraphs 6(3) and 6(8)). That investigation may lead to the delivery of a Formal Complaint against the Member, and the appointment of a Disciplinary Tribunal to hear and rule upon the matters alleged in the Formal Complaint (paragraph 9(7)).
2. Paragraph 15 and Appendix 2 to the Scheme set out the powers of a Disciplinary Tribunal to make an Interim Order in relation to a Member. In particular, paragraph 15(1) provides that, at any stage between:
 - (i) the making of a decision to investigate a Member, and
 - (ii) the making of a decision by a Disciplinary Tribunal in relation to the Formal Complaint,

where the Executive Counsel is of the opinion that a Disciplinary Tribunal should consider making an Interim Order in relation to a Member, he shall present an application to the Conduct Committee, for service on the Member and on the Convener.

3. Following its appointment by the Convener, the Disciplinary Tribunal may make such Interim Order against the Member as set out in Part 1 of Appendix 2 to the Scheme, for such period or until the occurrence of such event as it defines.

The FRC’ s investigation into Mr Hussain relating to Autonomy Corporation Plc (“Autonomy”)

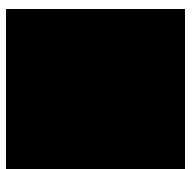
4. The Conduct Committee served a Formal Complaint on Mr Hussain by letter dated 24 May 2018. A Disciplinary Tribunal has been appointed to hear the Formal Complaint in accordance with the provisions of the Scheme.



5. The full details of the allegations against Mr Hussain are set out in the Formal Complaint. In summary, it is alleged that Mr Hussain committed Misconduct in the following respects:
 - 5.1. Mr Hussain lacked integrity or was incompetent when preparing Autonomy's Annual Reports and Accounts for the financial years ended 31 December 2009 and 2010, because of the accounting treatment relating to, and the inadequacy of the disclosure of, Autonomy's purchases and sales of 'pure hardware', *i.e.* third-party computer hardware without any pre-installed Autonomy software.
 - 5.2. Mr Hussain lacked integrity in relation to Autonomy's accounting for transactions with value-added resellers.
 - 5.3. Mr Hussain recklessly made false or misleading statements in a meeting with the Financial Reporting Review Panel ("**FRRP**") on 13 January 2010, and in a letter from Autonomy to the FRRP dated 3 March 2011.
 - 5.4. Mr Hussain was convicted by a Trial Jury in California on 30 April 2018 on 16 counts of fraud alleged against him which relate to his conduct whilst the Chief Financial Officer and a director of Autonomy ("**the Conviction Allegation**").
6. Mr Hussain denies the allegations of Misconduct set out at paragraph 5 above.

The Conviction Allegation

7. On 10 November 2016 a United States Trial Jury indicted Mr Hussain on the offences of wire fraud and conspiracy to commit wire fraud. On 4 May 2017 the Trial Jury issued a superseding indictment which indicted Mr Hussain on additional offences of securities fraud and aiding and abetting in the same ("**the Indictment**").



8. On 30 April 2018 a Trial Jury in the United States District Court for the Northern District of California convicted Mr Hussain on all 16 counts of the Indictment, being:¹

8.1. 14 offences of wire fraud (“**the Wire Fraud Offences**”);

8.2. 1 offence of conspiracy to commit wire fraud (“**the Conspiracy to Commit Wire Fraud Offence**”); and

8.3. 1 offence of securities fraud and aiding and abetting the same (“**the Securities Fraud Offence**”, together “**the Offences**”).

9. The relevant statutory provisions for the Offences are as follows.

9.1. Section 1343 of Title 18 of the United States Code (“**18 USC**”) provides for the offence of wire fraud:

“Fraud by wire, radio, or television

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined under this title or imprisoned not more than 20 years, or both...”

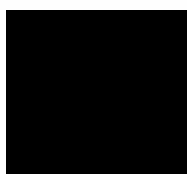
9.2. Section 1349 of 18 USC provides for the offence of conspiracy to commit wire fraud:

“Attempt and conspiracy

Any person who attempts or conspires to commit any offense under this chapter shall be subject to the same penalties as those prescribed for the offense, the commission of which was the object of the attempt or conspiracy.”

9.3. Section 1348 of 18 USC provides for the offence of securities fraud:

“Securities and commodities fraud



Whoever knowingly executes, or attempts to execute, a scheme or artifice –

(1) to defraud any person in connection with... a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l) ...; or

(2) to obtain, by means of false or fraudulent pretenses, representations, or promises, any money or property in connection with the purchase or sale of ... any security of an issuer with a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l)...;

shall be fined under this title, or imprisoned not more than 25 years, or both.”

9.4. Section 2 of 18 USC provides:

“Principals

(a) Whoever commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal.”

Conclusive finding of Misconduct

10. The Offences would have constituted criminal offences had Mr Hussain been prosecuted in the United Kingdom.

10.1. The Wire Fraud Offences would have constituted the criminal offence of fraud contrary to s.1(1) Fraud Act 2006;

10.2. The Conspiracy to Commit Wire Fraud Offence would have constituted the criminal offence of conspiracy to defraud at common law or statutory conspiracy contrary to s.1(1) Criminal Law Act 1977; and

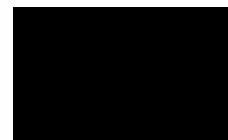
10.3. The Securities Fraud Offence would have constituted the criminal offence of fraud contrary to s.1(1) Fraud Act 2006 or attempted fraud contrary to s.1(1) Criminal Attempts Act 1981, and aiding and abetting the same.

11. Under paragraph 16(1)(ii) of the Scheme, the fact that a Member has, before a Court outside the United Kingdom, been convicted of an offence which would have constituted a criminal offence had the matter been prosecuted in the United



Kingdom, shall, for the purposes of the Scheme, be conclusive evidence of Misconduct by the Member.²

12. As to the Conviction Allegation, the Executive Counsel relies on the convictions as conclusive evidence of Misconduct by Mr Hussain. In open correspondence sent by his solicitors, Simmons & Simmons LLP, to the Executive Counsel dated 24 August 2018, Mr Hussain accepted that subject to his appeal in the US Courts any Disciplinary Tribunal would automatically find that he has committed Misconduct, on the basis of his convictions, under paragraph 16(1)(ii) of the Scheme.³
13. By letter dated 19 September 2018 Simmons & Simmons LLP informed the Executive Counsel that the deadline under the applicable Federal Rules of Criminal Procedure for Mr Hussain to file a notice of appeal against the convictions is 21 November 2018. The Executive Counsel has been informed by Simmons & Simmons LLP that this date has subsequently been changed to 20 December 2018, that Mr Hussain intends to file a notice of appeal by then, and that the appellate process is expected to take approximately 18 months from filing of the notice of appeal.
14. By letter dated 8 October 2018 Simmons & Simmons LLP informed the Executive Counsel that Mr Hussain consents to an Interim Suspension Order and agrees that in the event that his appeal in the US proceedings is unsuccessful (and provided that he remains convicted of a crime of dishonesty), he will consent to an order excluding him from membership of the ICAEW.⁴
15. Mr Hussain is right to accept that interim suspension is required and that if he does not overturn all of the convictions for dishonesty on appeal he will be excluded (see paras 54 and 55 of the Accountancy Scheme Sanctions Guidance⁵ and Bolton v The Law Society [1994] 1 WLR 512 at 517-519).
16. The Tribunal holds that this Interim Order is appropriate in light of Mr Hussain's convictions by a US Trial Jury of the Offences, in order to maintain public



confidence in the accountancy profession, to uphold proper standards of conduct, and to meet the public interest.

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