



Type of Order: DISCIPLINARY CONSENT ORDER

Date of Order: 4 September 2019

Committee name: REGULATION AND CONDUCT COMMITTEE

Details of IP: **Mr Michael Kienlen**, of Armstrong Watson, an IPA member and Licensed Insolvency Practitioner (IP).

Summary of complaint: This Order is made in relation to a complaint that **Mr Kienlen**, breached the fundamental principle of professional competence and due care and failed to comply with the requirements of Statement of Insolvency Practice (SIP) 16 when handling the administration of “two associated companies”, when he:

- 1) failed to clearly disclose that the pre-pack sale was to a connected party;
- 2) failed to provide sufficient information in his SIP16 disclosure about the apportionment and timing of the deferred consideration for the purchase of the Companies’ assets, and
- 3) failed to detail whether the director had given guarantees for amounts due from the Companies to prior financiers and whether those financiers were financing the new business.

Accordingly, Mr Kienlen was found liable to disciplinary action under the IPA’s Articles of Association.

Summary of sanctions: The Common Sanctions Guidance provides for a reprimand and a fine of £1,500 when there is a less serious failure to comply with the principles of a SIP.

The Committee did not consider that the breach was either dishonest or reckless and should therefore be considered as less serious. Whilst this matter was of the ‘less serious’ classification, the fine imposed is slightly higher as the Committee noted that SIP 16 is very prescriptive and easy to follow. The Committee opined that it is not unreasonable to expect an insolvency professional to be fully aware of and to comply with what is required.

The Regulation and Conduct Committee imposed a disciplinary order that Mr Kienlen be reprimanded, fined £2,000 and contribute towards the costs.