

**FINAL NOTICE GIVEN UNDER SECTION 251 OF
THE FINANCIAL SERVICES AND MARKETS REGULATIONS 2015**

To: AC Holding Limited
Mr. Christopher Flinos



Email:



Date: 3 April 2025

1. ACTION

1.1. For the reasons given in this Final Notice (this “**Final Notice**”), the Financial Services Regulatory Authority (the “**Regulator**”) has decided to impose on AC Holding Limited (“**AC Holding**”) a financial penalty of USD 1,500,000 under section 232 of the *Financial Services and Markets Regulations 2015* (the “**FSMR**” or the “**Regulations**”), (the “**Action**”).

1.2. On 28 February 2025, the Regulator gave AC Holding a Decision Notice, pursuant to section 248 of the Regulations. The Decision Notice notified AC Holding that the Regulator had decided to impose a financial penalty on AC Holding and the reasons for that decision. Pursuant to section 227(4) of the Regulations, AC Holding had the right to refer that decision to the Appeals Panel. AC Holding has not referred the decision to the Appeals Panel within 30 days of the date on which the Decision Notice was given to it. Accordingly, the Regulator has taken the Action set out in this Final Notice.

2. DEFINED TERMS

2.1. Defined terms are identified in the Notice in parentheses, using the capitalisation of the initial letter of a word or of each word in a phrase, and are either defined in the Regulations, a Rulebook, Glossary, or in the body of this Final Notice at the first instance the term is used. Unless the context otherwise requires, where capitalisation of the initial word is not used, an expression has its natural meaning.

3. SUMMARY OF REASONS FOR THE ACTION

3.1. The Regulator has decided to take the action set out in this Final Notice because it has found that, over the period from around 1 October 2018 to around 31 October 2023 (the “**Relevant Period**”), AC Holding contravened the Regulations by:

- a. carrying out Regulated Activities in ADGM by way of business, by providing Money Services and Arranging Deals in Investments (as understood by the Regulations), by

processing significant amounts of Hayvn Group Client Monies through ADGM, when it was not an Authorised Person or Exempt Person and therefore not permitted to carry on those Regulated Activities. In doing so, AC Holding contravened section 16 of the Regulations; and

- b. behaving, or otherwise holding itself out, in a manner which indicated (or which was reasonably likely to be understood as indicating) that it was an Authorised Person or an Exempt Person in relation to the Regulated Activities it carried on in ADGM, when AC Holding was not an Authorised Person or Exempt Person. In doing so, AC Holding contravened section 20 of the Regulations.

4. FACTS AND MATTERS RELIED ON

Background

- 4.1. In this matter, there are two entities which share the same name of AC Holding Limited:
 - a. First, AC Holding Limited, registered in early July 2018 in the Cayman Islands (referred to in this Final Notice as “**Hayvn Cayman**”), which is the parent entity of a group of entities (the “**Hayvn Group**”) and which traded as “HAYVN”; and
 - b. Secondly, AC Holding Limited (referred to in this Final Notice as “**AC Holding**”), being a Special Purpose Vehicle (“**SPV**”) limited by shares registered in ADGM in August 2018.
- 4.2. The Hayvn Group conducted business in a number of jurisdictions and its activities involved the operation of a platform for the trading and conversion of Virtual Assets, the provision of a payment solution to merchants to accept payment in the form of Virtual Assets and the provision of custody in relation to Virtual Assets.
- 4.3. Mr. Christopher Flinos (“**Mr. Flinos**”) was the founder and one of the ultimate beneficial owners of Hayvn Cayman (and hence the Hayvn Group). Until mid-December 2023, Mr. Flinos was a member of the Board of Directors of and Chief Executive Officer of the Hayvn Group.
- 4.4. AC Holding was initially 50% owned by Mr. Flinos and 50% owned by another individual. In January 2019, AC Holding’s ownership was transferred in full to Hayvn Cayman. On 20 April 2020, Mr. Flinos became the sole Director and 100% Shareholder of AC Holding. Mr. Flinos remains a Director and the 100% owner of AC Holding.
- 4.5. At no time was AC Holding licensed or authorised by the Regulator to conduct any Regulated Activities in ADGM. This was known to Mr. Flinos. AC Holding held a commercial licence from the ADGM Registration Authority to carry on non-financial business activities as an SPV only. Therefore, AC Holding was not licensed to carry on any active business activities in ADGM. It was, therefore, prohibited from describing itself (in whatever terms) as an Authorised Person, or behaving, or otherwise holding itself out, in a manner which indicated (or which was reasonably likely to be understood as indicating) that it was an Authorised Person. Despite that, AC Holding was involved in a substantial number of transactions on behalf of Hayvn Cayman and the Hayvn Group which constituted Regulated Activities in ADGM. It also held

itself out in a manner which indicated (or which was reasonably likely to be understood as indicating) that it was an Authorised Person, when AC Holding was not an Authorised or Exempt Person.

- 4.6. AC Holding (at the direction of Mr. Flinos) used its bank accounts to process a significant volume and value of Hayvn Cayman and Hayvn Group client transactions on behalf of the Hayvn Group. That conduct was designed to allow Hayvn Cayman and the Hayvn Group to continue to undertake client transactions in circumstances where its own banking lines were insufficient to facilitate all client transactions in an efficient manner. In addition, AC Holding (at the behest of Mr. Flinos) created and disseminated false invoices on AC Holding letterhead. That was done for the purpose of misleading the banks with whom it held accounts as to the true nature of the transactions it was processing and to provide to certain Hayvn Group clients to enable them to mislead their own banks as to the true nature of their transactions.
- 4.7. AC Limited (Hayvn), ("**Hayvn ADGM**") was one of Hayvn Cayman's subsidiaries. On 8 December 2021, Hayvn ADGM registered in ADGM as a private company limited by shares and on 23 December 2021, the Regulator granted Hayvn ADGM a Financial Services Permission ("**FSP**") authorising it to undertake the Regulated Activities of "*Arranging Deals in Investments*" and "*Providing Custody*". However, the following restrictions were applied to Hayvn ADGM's FSP:
- a. Hayvn ADGM was not permitted to deal with Retail Clients;
 - b. Hayvn ADGM was restricted to allowing only the use of Bitcoin ("**BTC**") and Ethereum ("**ETH**") on its platform (as Accepted Virtual Assets); and
 - c. Hayvn ADGM was restricted to USD 1 million in total assets (fiat currency and Accepted Virtual Assets) and a maximum of 100 clients across trading and custody activities.
- 4.8. Mr. Flinos was a member of the Board of Directors of Hayvn ADGM, Senior Executive Officer ("**SEO**") and was granted Approved Person status by the Regulator to perform the Controlled Functions of SEO and Licensed Director at Hayvn ADGM.

The Regulator's Investigation

- 4.9. Over the course from mid-2022 and 2023, the Regulator's Supervision Division developed concerns in relation to the number of employees of Hayvn ADGM and the number of clients the firm was servicing. The Regulator issued requirements on Hayvn ADGM to provide information and documents in January, March and August 2023, and initiated a risk assessment of Hayvn ADGM in June 2023.
- 4.10. In September 2023, the Regulator commenced an investigation into the nature, conduct and state of business of Hayvn ADGM and suspected contraventions by Hayvn ADGM (the "**Investigation**"). The Investigation followed the development of concerns by the Regulator in relation to:
- a. the completeness and accuracy of information provided by Hayvn ADGM in response to

- both formal requirements to provide information and voluntary requests to provide information;
- b. how the licensed status of Hayvn ADGM was marketed to prospective clients;
 - c. the bank accounts being used by Hayvn ADGM;
 - d. whether AC Holding was involved in any of the business activities of Hayvn ADGM and the Hayvn Group; and
 - e. whether Hayvn ADGM and or Mr. Flinos had provided false and misleading information to the Regulator regarding the number of clients and staff contracted with Hayvn ADGM, and its relationship with AC Holding.
- 4.11. In or around October 2023, following notification of the Regulator’s investigation, the Board of Directors of Hayvn Cayman, (excluding Mr. Flinos) established an Audit and Risk Committee to enquire into activities of AC Holding and Mr. Flinos in ADGM and their involvement in the operations of Hayvn Cayman, and Hayvn ADGM and other Hayvn Group entities. This included enquiry into the nature of Hayvn Cayman, Hayvn ADGM and the Hayvn Group’s dealings with AC Holding.
- 4.12. In early October 2023, the bank accounts of AC Holding were closed.
- 4.13. In early December 2023, the Regulator extended the scope of the Investigation to include suspected contraventions by Hayvn Cayman of section 16 of the Regulations in connection with Hayvn Cayman’s awareness of its, and the Hayvn Group’s, reliance on AC Holding to provide it with client and operational bank accounts for fiat-to-fiat transactions and for the conversion of Virtual Assets to fiat currency and vice versa.
- 4.14. The Regulator’s analysis of the information provided by Hayvn ADGM revealed concerns that Hayvn ADGM had been acting outside the scope of its FSP in suspected contravention of section 17 of the Regulations. Following that, and in response to a request from the Regulator, on 11 December 2023, Hayvn ADGM provided an undertaking to the Regulator to cease all business activities in ADGM, or elsewhere from other parts of the Hayvn Group that relates to the Company’s activities in ADGM.
- 4.15. On 11 December 2023, Mr. Flinos was suspended as the CEO of Hayvn Cayman and SEO of Hayvn ADGM. Mr. Flinos subsequently resigned from all operational activities of the Hayvn Group on 13 December 2023.
- 4.16. Over the period from around January 2024 to March 2024, at the instruction of the Regulator, Hayvn ADGM and Hayvn Cayman undertook an internal review of Hayvn’s operations and the use of AC Holdings bank accounts in those operations.
- 4.17. Over the period from May 2024 to November 2024, Hayvn ADGM engaged two Skilled Persons, in accordance with requirements imposed by the Regulator pursuant to section 203 of the Regulations.

AC Holding's unauthorised activities

- 4.18. Section 16 of the Regulations imposes a 'General Prohibition' that no person may carry on a Regulated Activity by way of business in ADGM, or purport to do so, unless he is an Authorised Person (with an FSP from the Regulator) or an Exempt Person. AC Holding has never been an Authorised or Exempt Person; a fact that Mr. Flinos was aware of.
- 4.19. Schedule 1 of the Regulations sets out those activities that constitute 'Regulated Activities' for the purposes of the General Prohibition. Of relevance to this matter are the Regulated Activities of:
- a. 'Providing Money Services' (as defined in paragraph 52 of Schedule 1 of the Regulations), which includes providing 'Payment Services' (as defined in section 258 of the Regulations); and
 - b. 'Arranging Deals in Investments' (as defined in paragraph 16 of Schedule 1 of the Regulations).
- 4.20. The following paragraphs set out AC Holding's activities that constitute Regulated Activities that were carried on in ADGM in breach of the General Prohibition.
- 4.21. In summary, the Regulator found that:
- a. over the period from 8 October 2018 to 10 October 2023, AC Holding processed through its bank accounts approximately 3,023 transactions amounting to USD 507 million of client deposits and USD 558 million of client settlements on behalf of Hayvn Cayman and the Hayvn Group. In doing so, AC Holding provided Payment Services (as defined in the Regulations) in ADGM; and
 - b. over the period from December 2021 to March 2023, AC Holding used its accounts to process client transactions involving the purchase and sale of Virtual Assets for the conversion of Virtual Assets to fiat currency and vice versa on behalf of Hayvn Cayman and the Hayvn Group. In doing so, AC Holding arranged Deals in Investments (as defined in the Regulations) in the ADGM.
- 4.22. AC Holding's conduct in ADGM was designed to allow Hayvn Cayman and the Hayvn Group to continue to operate and undertake client transactions in circumstances under which their own available banking and account facilities were insufficient to facilitate all client transactions in an efficient manner. When interviewed by the Regulator, Mr. Flinos admitted that if the AC Holding accounts had been closed, the Hayvn Group's business activities would not have continued.

Providing Money Services

- 4.23. The Regulator found that, over the period between October 2018 and October 2023, Hayvn Cayman and other parts of the Hayvn Group used several bank accounts held and maintained by AC Holding for Hayvn Cayman's own operations and to process Hayvn Cayman,

Hayvn ADGM and other Hayvn Group client transactions and payments. The use of AC Holding's bank accounts was carried out with the knowledge and on the instruction and direction of Mr. Flinos.

- 4.24. In particular, the Regulator found that AC Holding executed Payment Transactions for and on behalf of Hayvn Cayman and Hayvn ADGM by using several bank accounts held and maintained by AC Holding to process transactions of Hayvn Cayman and Hayvn ADGM. This involved the placing, transferring or withdrawing of fiat currency to or from a Payment Account held in the name of one or more Payers or Payees. In doing so, AC Holding provided Payment Services to Hayvn Cayman and the Hayvn Group without being duly licensed to do so by the Regulator.
- 4.25. Given that AC Holding provided Payment Services to Hayvn Cayman, and it did so in ADGM by way of business, AC Holding carried on a Regulated Activity when it was not an Authorised or Exempt Person. In doing so, AC Holding contravened the General Prohibition in section 16 of the Regulations.
- 4.26. The Hayvn Group, headed by Hayvn Cayman and including Hayvn ADGM, availed of the processing of the following Payment Transactions through the accounts of AC Holding:
- a. approximately 3,023 transactions covering 241 clients of the Hayvn Group;
 - b. approximately USD 507 million of deposits by its clients into AC Holding's related bank accounts; and
 - c. approximately USD 558 million of payments made to Hayvn Group Clients.
- 4.27. The Regulator also found that the use by Hayvn Cayman and Hayvn ADGM of AC Holding's bank accounts over the period from October 2018 to October 2023 was integral to the continued operation of the Hayvn Group, particularly in relation to transactions that required settlement of fiat amounts in USD and UAE Dirham ("AED"). This reliance was pronounced, as Hayvn Cayman and the Hayvn Group did not have access to banking facilities to provide settlement of transactions in AED other than AC Holding's bank accounts, and the other banking facilities available to the Hayvn Group to provide settlement of transactions in USD were not as efficient as its use of AC Holding's bank accounts to service Hayvn Group clients.
- 4.28. The Regulator found that, under arrangements directed by Mr. Flinos in his role as CEO of Hayvn Cayman, Hayvn Cayman's client coverage team received instructions from clients for the type and amount of Virtual Assets to trade. Team members would raise a request through the trade operations team who, together with Mr. Flinos, would then direct which bank accounts would be used to either, receive the converted Virtual Asset amounts or to settle the required fiat currency amounts. The transactions described in paragraph 4.26 above were personally directed by Mr. Flinos to be settled through AC Holding's accounts.
- 4.29. Payment instructions directed through AC Holding bank accounts were prepared on a daily basis by an employee of Hayvn Cayman who would then inform Mr. Flinos via Hayvn Group's

internal communications platform that they had loaded a batch of daily payments through the banking electronic portal. As the only authorised signatory of the relevant AC Holding bank accounts, Mr. Flinos would then personally review and authorise the payments to be settled by way of a payment through AC Holding's bank accounts.

- 4.30. Further, given that AC Holding shared its name with Hayvn Cayman, clients of the Hayvn Group were unaware that their deposit of Virtual Assets and/or the settlement of the fiat currency amounts were being transacted through AC Holding, i.e. an unregulated third-party SPV, rather than through Hayvn Cayman.
- 4.31. In addition, under arrangements directed by Mr. Flinos, Hayvn Cayman's finance team had to monitor and review the balances of all Hayvn Group's bank accounts, which included AC Holding's bank accounts, as they had to monitor the liquidity position of the Hayvn Group.
- 4.32. Importantly, as the bank balances associated with AC Holding were also consolidated into Hayvn Cayman's financial statements, and its consolidated management accounts, Mr. Flinos furnished information on the AC Holding bank balances to the Hayvn Group's finance team. Mr. Flinos was the only person authorised by the relevant bank to use the credentials to access this information via the banking portal for AC Holding.
- 4.33. Hayvn Cayman was a 100% Shareholder of AC Holding from 7 January 2019 to 20 April 2020, during which time the Regulator identified transactions of clients of Hayvn Cayman being processed and executed through AC Holding's accounts. From 20 April 2020, AC Holding ceased to be part of the Hayvn Group. Notwithstanding it ceasing to be part of the Hayvn Group, AC Holding continued to provide Payment Services to Hayvn Cayman with Mr. Flinos knowingly directing Client Money through AC Holding's bank accounts, and Client Investments to wallets accessible by AC Holding and Mr. Flinos.
- 4.34. AC Holding was aware of the reliance placed on it by Hayvn Cayman and Hayvn ADGM using it as a Money Service Provider even though AC Holding was neither an Authorised nor Exempt Person. Accordingly, its provision of Regulated Activities to both Hayvn Cayman and Hayvn ADGM contravened the General Prohibition in section 16 of the Regulations.

Arranging Deals in Investments

- 4.35. The Regulator found that, over the period between December 2021 and March 2023, AC Holding was used by Hayvn Cayman and the Hayvn Group to buy and sell Virtual Assets for the conversion of Virtual Assets to fiat currency and vice versa. In doing so, AC Holding engaged in the Regulated Activity of Arranging Deals in Investments, without being licensed to do so.
- 4.36. Under the Regulations a person who, by way of business, makes arrangements for another person to buy or sell a Virtual Asset, carries on the Regulated Activity of Arranging Deals in Investments. As noted above, AC Holding has never been an Authorised Person or Exempt Person and was, therefore, not permitted to carry on Regulated Activities in ADGM. Mr. Flinos, being a Director and the sole Shareholder of AC Holding, was aware of that fact.

- 4.37. The Hayvn Group, headed by Hayvn Cayman, processed approximately USD 322 million of Virtual Asset deposits of Hayvn Group clients into AC Holding's Virtual Asset wallet account, which was converted and deposited into an AC Holding bank account.
- 4.38. The use of AC Holding's bank accounts by Hayvn Cayman and the Hayvn Group, while not approved by Hayvn Cayman's Board of Directors was directed by Mr. Flinos, a member of Hayvn Cayman's Board of Directors and facilitated by certain employees of the Hayvn Group on Mr. Flinos' instructions.
- 4.39. While the bank balances associated with AC Holding bank accounts were consolidated into Hayvn Cayman's financials and management accounts, the practical use of the bank accounts of a separate entity (i.e., AC Holding) by Hayvn Cayman appears to the Regulator to have been possible because of the identical legal name of Hayvn Cayman and AC Holding and because it was undertaken in such a way by Mr. Flinos that this fact was concealed from all but a small number of Hayvn Group employees.
- 4.40. In respect of the conversion of Virtual Assets to fiat currency and vice versa, the same or similar process to that described in paragraphs 4.27 to 4.29 above occurred. Hayvn Cayman initiated and relied upon this process involving AC Holding. Further, Clients of Hayvn Cayman would have been unaware that the 'AC Holding' entity used in the conversion and/or settlement was a different entity given that both entities had the same name, i.e. AC Holding, as described in paragraph 4.30 above.
- 4.41. Given its activities in processing Virtual Asset transactions, and the fact it was neither an Authorised Person nor an Exempt Person, AC Holding carried on the Regulated Activity of Arranging Deals in Investments in breach of the General Prohibition in section 16 of the Regulations.

AC Holding False Claims to be Authorised

- 4.42. Section 20 of the Regulations provides:

"A person who is neither an Authorised Person nor, in relation to the Regulated Activity in question, an Exempt Person must not-

a) describe himself (in whatever terms) as an Authorised Person; or

...

c) behave, or otherwise hold himself out, in a manner which indicates (or which is reasonably likely to be understood as indicating) that he is - ... an Authorised Person."

- 4.43. AC Holding was at no time an Authorised Person or an Exempt Person (in relation to any Regulated Activity, including the Provision of Money Services or Arranging Deals in Investments). It was, therefore, prohibited from describing itself (in whatever terms) as an

Authorised Person, or behaving, or otherwise holding itself out, in a manner which indicated (or which is reasonably likely to be understood as indicating) that it was an Authorised Person.

4.44. Over the period from around 2021 to around August 2023, Mr. Flinos was responsible for the creation and publication of a website under the name of AC Holding. The website was published to give the impression that AC Holding was an operating entity and that it was, “[a]n investment company based in the ADGM”. AC Holding was described on the website as:

“...a company that builds wealth by buying and selling any public equities, US equities, Bonds, by buying FX, or by making investments in companies and new technologies”.

4.45. The website, therefore, described AC Holding as an operating entity in the ADGM involved in the carrying on of what amounts to Regulated Activities. However, the website described AC Holding’s activities as being different to the actual and unauthorised activities of the company that were in fact being carried on in ADGM. Rather than describing its role in processing transactions for Hayvn Group clients, it intentionally described its activities as involving the provision of services in relation to financial products and services that did not involve Virtual Assets in order to obfuscate this fact from its own banks and those of its clients.

4.46. On or around 1 February 2022, Mr. Flinos and other Hayvn employees entered into discussions with a new client (“**Client 1**”) resulting in a ‘Referral Agreement’ being signed between Client 1 and AC Holding on 30 March 2022. The agreement described AC Holding as follows:

*“... **AC HOLDING LIMITED**, a private company limited by shares incorporated under the laws of Abu Dhabi Global Market, having its address at 246ResCowork01, 24th Floor, AL Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates (“**HAYVN**”). [bold emphasis added]*

4.47. The agreement described the activities of ‘HAYVN’ (in this case AC Holding) as:

“HAYVN operates an over the counter (OTC) and custody platform for various types of digital currencies and/or digital coins.”

4.48. This agreement also purports that AC Holding was regulated by the Regulator in ADGM as under Section 6 (Representations and Warranties), the agreement stated:

*“6.1 **HAYVN** represents and warrants that:*

6.1.1 it is duly organised and validly existing under the laws of the Abu Dhabi Global Market and has the power and authority to own and operate its properties and carry on its business as now conducted;

*6.1.2 it has all necessary power, authority, **regulatory authorizations** and approvals to execute, deliver and performs its obligations under this agreement”. [bold emphasis added]*

4.49. Further Mr. Flinos confirmed in communications with Client 1 on 14 March 2022 that AC Holding was regulated when Client 1 raised the following queries:

“... Please let us know your views on last week’s legislation by the Dubai government on Crypto’s, and how they are applicable to us ...”

4.50. Mr. Flinos responded as follows:

“In terms of the Dubai announcement....

*As we are **Regulated in the ADGM** it doesn’t affect our operations or regulatory framework”. (bold emphasis added).*

4.51. The Referral Agreement between AC Holding and Client 1 had an ADGM address and indicated in correspondence that it was a *“Regulated” entity in ADGM*. Internally, Hayvn Cayman, classified Client 1 as one of its clients. Further,

- a. between 26 May 2022 and 29 May 2024, 128 transactions were recorded through Hayvn Group’s internal system used to record Virtual Asset transactions;
- b. settlement payments amounting to circa USD 4.2 million were made to Client 1; and
- c. USD 25,674.97 of the revenue associated with the above transactions was recorded in books and records of Hayvn Cayman.

4.52. However, as stated above since 20 April 2020, AC Holding was not part of the Hayvn Group and was not licensed to undertake Regulated Activities in ADGM. Notwithstanding the statements to the contrary in the Referral Agreement referred to above, AC Holding was not, and never was, authorised to perform OTC trades or provide custody for any types of Virtual Assets in ADGM.

4.53. The Regulator therefore considers that AC Holding contravened section 20 of the Regulations by holding itself out in a manner which indicated (or which was reasonably likely to be understood as indicating) that it was an Authorised Person, when AC Holding was not an Authorised Person or Exempt Person.

Dissemination of false or misleading AC Holding information and documents:

4.54. The Regulator also considers that AC Holding, at the behest of Mr. Flinos, provided false and misleading information and documents to third parties including, it’s banking partners and clients of the Hayvn Group. In particular:

- a. Mr. Flinos together with employees of Hayvn Cayman were involved in the creation and publication of a website under the name of AC Holding that was published to give the impression that AC Holding was an operating entity and that its activities did not involve the processing of transactions involving Virtual Assets. This was done to allow AC Holding to open and maintain its bank accounts at two separate banks and for the

potential benefit of Hayvn Cayman, Hayvn Group's introducing brokers and Hayvn Group clients. This was to highlight and evidence that its transactions to and from the bank accounts of AC Holding did not involve or were not related to Virtual Assets when in fact that was not the case;

- b. Further, AC Holding created false and misleading documents that were then submitted by Mr. Flinos to a bank to open a bank account for AC Holding in November 2022. This included providing:
 - i. incorrect information on the account opening form that used the financial figures of Hayvn Cayman and indicated that AC Holding was regulated in ADGM; and
 - ii. a business plan that had been used as the basis for the AC Holding website (described above) that made no mention of Virtual Assets;
- c. AC Holding created false and misleading documents, on AC Holding letterhead that were then provided Hayvn Cayman and the Hayvn Group clients and introducing brokers for them to use as supporting documents to provide to their respective banking partners to explain transactions involving payments to or from AC Holding's bank accounts. These false documents included purported "*Client Redemption Payment Invoices*" and "*Client Deposit Confirmations*". The documents misrepresented the nature and purpose of the underlying transactions they described, as they would purport to show that the transactions concerned a purchase or sale of listed securities or other products and services, rather than what the transactions truly related to, being the conversion of Virtual Assets to fiat currency or vice versa;
- d. Mr. Flinos and employees of Hayvn Cayman created false and misleading documents on AC Holding's letterhead for the purpose of deliberately concealing Virtual Asset transactions carried out on behalf of clients of the Hayvn Group from the banking partners of the Hayvn Group and AC Holding. The Regulator found that more than 200 false and misleading documents were prepared and circulated. Those documents were false and misleading as they described the underlying transactions as for services other than Virtual Asset related activity. This was done for the purposes of AC Holding concealing from its banking partners the fact that its banking activity was related to the processing of Virtual Asset transactions for the Hayvn Group. These false documents included:
 - i. '*Asset Management Agreement*' documents, that stated they were for the personal investments of particular Hayvn Cayman and Hayvn ADGM clients;
 - ii. '*Investment Report*' documents that provided a list of purported security transactions undertaken by AC Holding on behalf of certain Hayvn Group clients together with that Client's current portfolio value;
 - iii. '*Client Redemption Payment Invoice*' documents detailing the purchase by clients of investments, including for example bonds, equities and forex transactions; and

- iv. 'Client Deposit Confirmation' documents describing the sale by a client of investments, including the sale of equities, bonds or other general investments.

In each case the documents purported to be entered into by AC Holding, purposely omitted any mention of the underlying Virtual Asset transactions, and, as relevant, a client signature was added by or at the instruction of Mr. Flinos, who signed the documents.

- 4.55. As detailed in paragraph 4.27 above, it was imperative that Hayvn Group kept the bank accounts of AC Holding open and operational to service its clients. Therefore, the methods described in paragraphs 4.54.a, b and d were employed by Mr. Flinos who personally instructed certain Hayvn Cayman employees to achieve this result and ensure the accounts remained operational.

5. CONTRAVENTIONS

The General Prohibition

- 5.1. Section 16 of the Regulations provides that:

"(1) No person may carry on a Regulated Activity by way of business in the Abu Dhabi Global Market, or purport to do so, unless he is—

(a) an Authorised Person; or

(b) an Exempt Person.

(2) The prohibition is referred to in these Regulations as the General Prohibition."

- 5.2. Schedule 1, paragraph 3 of the Regulations provides that a person carries on an activity by way of business if the person:

- a. engages in the activity in a manner which in itself constitutes the carrying on of a business;
- b. holds himself out as willing and able to engage in that activity; or
- c. regularly solicits other persons to engage with him in transactions constituting that activity.

False claims to be authorised or exempt

- 5.3. Section 20 of the Regulations provides that:

"A person who is neither an Authorised Person nor, in relation to the Regulated Activity in question, an Exempt Person must not—

- (a) describe himself (in whatever terms) as an Authorised Person;*

- (b) *describe himself (in whatever terms) as an Exempt Person in relation to the Regulated Activity; or*
- (c) *behave, or otherwise hold himself out, in a manner which indicates (or which is reasonably likely to be understood as indicating) that he is—*
 - (i). *an Authorised Person; or*
 - (ii). *an Exempt Person in relation to the Regulated Activity.”*

Providing Money Services

5.4. Section 19 of the Regulations provides that:

“An activity is a Regulated Activity if it is specified as a Regulated Activity in Schedule 1.”

5.5. Schedule 1, paragraph 52 of the Regulations states:

“Providing currency exchange, Money Remittance or Payment Services is a specified kind of activity.”

5.6. Section 258 of the Regulations defines ‘Payment Services’ as meaning:

- (a) *services enabling cash to be placed in, or withdrawn from, a Payment Account and all of the operations required for operating a Payment Account;*
- (b) *the execution of Payment Transactions, including transfers of Money to or from a Payment Account by the user’s Payment Service Provider, or by another Payment Service Provider, through:*
 - (i). *direct debits, including one-off direct debits;*
 - (ii). *Payment Transactions through a Payment Instrument;*
 - (iii). *credit transfers between bank accounts, including standing orders;*
- (c) *issuing Payment Instruments;*
- (d) *Selling or issuing Stored Value;*
- (e) *receiving money or monetary value for transmission by means of a Payment Instrument to a location within or outside Abu Dhabi Global Market.”*

Arranging Deals in Investments

5.7. Schedule 1, paragraph 16 of the Regulations states that Arranging Deals in Investments involves:

“Making arrangements with a view to another person (whether as principal or agent) Buying or Selling a Specified Investment, Virtual Asset or Spot Commodity or subscribing for or underwriting a Specified Investment is a specified kind of activity.

Making arrangements with a view to another person who participates in the arrangements Buying or Selling a Specified Investment, Virtual Asset or Spot Commodity or subscribing for or underwriting a Specified Investment (whether as principal or agent) is also a specified kind of activity.”

5.8. Given the facts and matters set out above, the Regulator considers that AC Holding committed various contraventions of the Regulations. In particular, the Regulator considers that AC Holding contravened the following:

- a. Section 16 of the Regulations (the General Prohibition) in that AC Holding carried on Regulated Activities by way of business in ADGM, when it was neither an Authorised Person nor an Exempt Person, specifically:
 - i. Providing Money Services, by executing the receipt of fiat currency and payment of fiat currency to settle transactions relating to the conversion of fiat currency to virtual assets and vice versa involved in Hayvn Cayman and Hayvn ADGM client transactions; and
 - ii. Arranging Deals in Investments, by making arrangements for clients of Hayvn Cayman and Hayvn ADGM to buy or sell Virtual Assets.

See paragraphs 4.18 to 4.41

- b. Section 20 of the Regulations (False Claims to be Authorised or Exempt) in that AC Holding held itself out in a manner which indicated (or which is reasonably likely to be understood as indicating) that it was an Authorised Person or an Exempt Person when that was not the case.

See paragraphs 4.42 to 4.53

6. OPPORTUNITY FOR REPRESENTATIONS AND APPEAL

- 6.1. On 15 January 2025, the Regulator gave AC Holding a Warning Notice, pursuant to sections 246 and 247 of the Regulations. The Warning Notice set out the Regulator’s findings and proposed action, and AC Holding was given the opportunity to make representations to the Regulator. AC Holding did not make any representations.
- 6.2. On 28 February 2025, the Regulator gave AC Holding a Decision Notice pursuant to section 248 of the Regulations. The Decision Notice set out the Regulator’s decision and action. AC Holding was given the opportunity to refer the matter to the Appeals Panel.
- 6.3. As AC Holding did not refer the matter to the Appeals Panel for a review of the Decision Notice within the specified period, the Regulator has proceeded to take the Action, and give

AC Holding this Final Notice pursuant to section 251(1) of the Regulations.

7. ACTION

7.1. In deciding to take the Action set out in this Final Notice, the Regulator has taken into account the factors and considerations set out in sections 8.2 to 8.5 of the Regulator's Guidance & Policies Manual ("**GPM**").

Decision to impose a financial penalty

7.2. With reference to section 8.2 of GPM, the Regulator considers the following factors to be of particular relevance in deciding to impose the financial penalty on AC Holding:

- a. 8.2.1(a): - the Regulator's objectives under section 1(3) of the Regulations, including to:
 - i. foster and maintain confidence in ADGM;
 - ii. promote and enhance the integrity of the ADGM Financial System;
 - iii. prevent, detect and restrain conduct that causes or may cause damage to the reputation of ADGM through appropriate means including the imposition of sanctions;
 - iv. secure an appropriate degree of protection for direct and indirect users, and prospective users of ADGM; and
 - v. promote public understanding of the regulation of ADGM.
- b. 8.2.1(b): - the deterrent effect of the penalty and the importance of deterring other persons from committing similar contraventions.
- c. 8.2.1(c): – the nature, seriousness, duration and impact of the contravention, in particular that:
 - i. AC Holding's conduct was deliberate, or in the alternative reckless, in that Mr. Flinos (being the sole Director, 100% Shareholder and the directing will and mind of AC Holding) knew that AC Holding was not permitted to carry on Regulated Activities in ADGM;
 - ii. AC Holding's conduct occurred frequently over an extended period of time; and
 - iii. AC Holding's unauthorised conduct was aggravated in that it continued while the Regulator was investigating AC Holding's activities and it produced and disseminated false and misleading information and documents in order to mislead third parties as to the nature of its services and activities in relation to Virtual Assets.

- d. 8.2.1(e): - AC Holding did not gain benefit from the contravention as the revenue generated from the Client transactions that it undertook were recorded by Hayvn Cayman. However, Hayvn Cayman may not have been in a position to undertake those transactions were it not for its use of AC Holding's bank accounts.

Determination of the level of financial penalty

- 7.3. The Regulator applies a five-step framework to determine the appropriate level of financial penalty. The Regulator has taken into account the factors and considerations set out in the five-step framework in sections 8.4 and 8.5 of GPM as follows:

Step 1: Disgorgement

- 7.4. The Regulator considers that AC Holding did not gain a benefit from its contraventions, in that it did not receive any revenue from the transactions that it executed. It has not been possible to quantify the exact amount of that benefit which is attributable to transactions which involved payments through AC Holding for the benefit of Hayvn Cayman. Accordingly, the Regulator does not consider it appropriate in this case to consider disgorgement.

Step 2: The seriousness of the contraventions

- 7.5. The Regulator considers AC Holding's conduct to be serious because:
- a. AC Holding carried on unauthorised Regulated Activity in ADGM to process a significant volume of Hayvn Group client transactions over a significant period of time. That activity involved a significant number and value of transactions. Hayvn Cayman or Hayvn ADGM did not have in place formal agreements with AC Holding or any other arrangements to safeguard Client Money and Assets involved in those transactions, some of which related to clients of Hayvn ADGM. Therefore, AC Holding exposed clients of Hayvn Cayman and some Hayvn ADGM clients to significant risk.
 - b. AC Holding's conduct exposed ADGM to significant risk of financial crime and money laundering. As an unlicensed entity, AC Holding did not comply with FSRA administrated AML requirements in relation to its activity and Hayvn Cayman and Hayvn Group entities (excluding Hayvn ADGM) were not subject to the same anti-money laundering requirements and controls that apply to Authorised Persons in ADGM. Hayvn Cayman executed client transactions of both its clients and clients of Hayvn ADGM through the bank accounts of AC Holding, which was not regulated as a 'Relevant Person' for the purposes of the Regulator's AML Rules. Therefore, its activities in relation to clients had not been subject to anti-money laundering customer risk assessments, customer due diligence or transaction monitoring to the standard required in ADGM. Therefore, AC Holding exposed ADGM to an increased and unacceptable risk of money laundering and financial crime.
- 7.6. Taking the above factors into account, the Regulator considers that a financial penalty of USD 1,000,000 appropriately reflects the seriousness of the contraventions.

7.7. Accordingly, the figure after Step 2 is USD 1,000,000.

Step 3: Mitigating and aggravating factors

7.8. The Regulator does not consider there to be any factors which have a mitigating effect on the contraventions.

7.9. The Regulator considers the following factors have an aggravating effect on the contraventions:

- a. Prior to mid-December 2023, AC Holding and Mr. Flinos (as its sole Director and 100% Shareholder) were aware of enquiries made by the Regulator regarding Hayvn ADGM in relation to the bank accounts used by the Hayvn Group. They were also aware that the Regulator had concerns regarding AC Holding's involvement in business activities of Hayvn ADGM and other parts of the Hayvn Group. Despite this, AC Holding continued to operate until its bank accounts were closed in October 2023 and its activities ceased in December 2023. At no point did AC Holding take steps to cease the contraventions or bring its activities to the Regulator's attention.
- b. AC Holding's bank accounts were used between November 2022 to October 2023 to facilitate over USD 400 million of operational and client transactions associated with the Hayvn Group. That was after the Regulator made initial enquiries into the overall operation of the Hayvn Group through ADGM in August 2022 and remained ongoing while the Regulator was conducting the Investigation.
- c. AC Holding did not make full and accurate disclosure of the use of its bank accounts and Virtual Asset wallet account in relation to the Hayvn Group's business activities. On the contrary, AC Holding and Mr. Flinos provided the Regulator with false and misleading information on the nature of the relationship between AC Holding and the Hayvn Group, and emphatically denied that AC Holding, and / or the bank accounts of AC Holding, were involved in or relevant to the business and operational activities of both Hayvn ADGM and the Hayvn Group. In fact, AC Holding's accounts played an instrumental role in the services offered by both Hayvn ADGM and the Hayvn Group, and the operations of the Hayvn Group would have been severely impacted if AC Holding's involvement and activities had been revealed earlier.
- d. AC Holding produced and disseminated false and misleading information and documents in order to mislead third parties as to the nature of its services and activities in relation to Virtual Assets.
- e. The contraventions identified in this Final Notice in respect of the provision of unlicensed provision of Regulated Activities could have been mitigated much earlier.

7.10. Having taken the above aggravating factors into account the Regulator considers it appropriate to increase the amount of the financial penalty at Step 3 by 50% (USD 500,000). Accordingly, the figure after Step 3 is USD 1,500,000.

Step 4: Adjustment for deterrence

- 7.11. Paragraph 8.5.9 of GPM provides that, if the Regulator considers the level of the financial penalty which it has arrived at after Step 3 is insufficient to deter the firm that committed the contravention, or others, from committing further or similar contraventions, then the Regulator may increase the financial penalty. Paragraph 8.5.9 of GPM sets out the circumstances in which the Regulator may do this.
- 7.12. In this instance, the Regulator considers that the figure arrived at after Step 3 is sufficient for the purposes of deterring AC Holding and others from committing further or similar contraventions. Accordingly, the Regulator does not consider it necessary to adjust the amount of the fine arrived at after Step 3 for the purposes of deterrence.
- 7.13. Accordingly, the figure after Step 4 is USD 1,500,000.

Step 5: Adjustment for cooperation/early settlement

- 7.14. Where the Regulator and the firm on which the financial penalty is to be imposed come to an agreement on the amount of the financial penalty, paragraph 8.5.10 of GPM provides that the amount of the financial penalty which might have otherwise been payable will be reduced to reflect the stage at which the agreement is reached.
- 7.15. The Regulator and AC Holding have not reached an agreement on the relevant facts and matters relied on, the alleged contraventions, or the amount of fine to be imposed. Therefore, no discount for cooperation or early settlement has been applied
- 7.16. Accordingly, the figure after Step 5 is USD 1,500,000.

The level of the financial penalty

- 7.17. Given the facts and matters set out above and all the circumstances, the Regulator has determined that it is proportionate and appropriate to impose on AC Holding a financial penalty of USD 1,500,000.

8. PROCEDURAL MATTERS

Payment of financial penalty

- 8.1. The financial penalty imposed by this Final Notice is to be paid by AC Holding on or before 5 May 2025.

8.2. Payment of the financial penalty is to be made by electronic funds transfer according to the instructions set out in the table below:

Account Name	[REDACTED]
Account Number	[REDACTED]
IBAN Number	[REDACTED]
Account Type	[REDACTED]
Bank Name	[REDACTED]
Swift Code	[REDACTED]
Reference	[REDACTED]

8.3. Pursuant section 251(5) of the Regulations, in the event that any part of the financial penalty remains outstanding on the date by which it must be paid, then the Regulator may recover the outstanding amount of the financial penalty as a debt owed by AC Holding.

Publicity

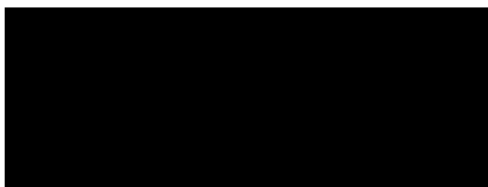
8.4. As this Final Notice has now been given to AC Holding, pursuant to section 251(1) of the Regulations. Pursuant to section 252(3) of the Regulations the Regulator may publish the details about the matter at its discretion.

8.5. Pursuant to section 252(4) of the Regulations, AC Holding is not permitted to publish the Final Notice, any of the previous Notices, or any details concerning this matter unless the Regulator has published the Final Notice or those details in accordance with section 252(3).

8.6. The Regulator will publish on its website:

- a. this Final Notice; and
- b. subject to section 252(5) of the Regulations, a press release in a form and manner the Regulator considers appropriate.

Signed:



Mr. Emmanuel Givanakis
 Chief Executive Officer
 ADGM Financial Services Regulatory Authority