

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

To: Mr. Christopher Flinos



Email:



Date: 3 April 2025

1. ACTION

- 1.1. This final notice (this “**Final Notice**”) is given to Mr. Christopher Flinos (“**Mr. Flinos**”) pursuant to section 251 of the Financial Services and Markets Regulations 2015 (“FSMR” or the “Regulations”).
- 1.2. For the reasons given in this Final Notice, the Financial Services Regulatory Authority (the “Regulator”) has decided to:
- a. impose on, a financial penalty of USD 750,000 pursuant to section 232 of the Regulations; and
 - b. prohibit Mr. Flinos from performing any function in relation to any Regulated Activity carried on by an Authorised Person in the Abu Dhabi Global Market (“**ADGM**”), pursuant to section 234 of the Regulations (the “**Prohibition Order**”),
- (together, the “**Action**”).
- 1.3. The Prohibition Order takes effect from the date of this Final Notice.
- 1.4. On 28 February 2025, the Regulator gave Mr. Flinos a Decision Notice, pursuant to section 248 of the Regulations. The Decision Notice notified Mr. Flinos that the Regulator had decided to impose a financial penalty, and a prohibition order and the reasons for that decision. Pursuant to section 227(4) of the Regulations, Mr. Flinos had the right to refer that decision to the Appeals Panel. Mr. Flinos has not referred the decision to the Appeals Panel within 30 days of the date on which the Decision Notice was given to him. Accordingly, the Regulator has taken the Action set out in this Final Notice.

2. DEFINED TERMS

- 2.1. Defined terms are identified in the Final 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 considers that, from 1 October 2018 to 13 December 2023 (the “**Relevant Period**”), Mr. Flinos contravened a number of provisions of the Regulations, as described below. Further, the Regulator considers that the conduct of Mr. Flinos demonstrates that he is not a fit and proper person to perform any function in relation to any Regulated Activity carried on by an Authorised Person in ADGM.
- 3.2. This Action follows an investigation by the Regulator under section 205 of the Regulations (the “**Investigation**”) into suspected contraventions by Mr. Flinos from his direct and knowing involvement in the suspected contraventions by the following entities:
- a. AC Holding Limited (“**AC Holding**”), an unregulated Special Purpose Vehicle (“**SPV**”) registered in ADGM. Mr. Flinos was a Director and Shareholder of AC Holding from August 2018 to date and is currently its sole Director and Shareholder;
 - b. AC Holding Limited (“**Hayvn Cayman**”), a company incorporated in the Cayman Islands and licensed by the Cayman Islands Monetary Authority (“**CIMA**”). Mr. Flinos was the Chief Executive Officer (“**CEO**”) of Hayvn Cayman from 21 April 2020 until he resigned on 13 December 2023; and
 - c. AC Limited (Hayvn) (“**Hayvn ADGM**”), one of Hayvn Cayman’s subsidiaries, licensed by the Regulator to carry on Regulated Activities in ADGM. Mr. Flinos was approved by the Regulator to perform the Controlled Functions of Senior Executive Officer (“**SEO**”) and Licensed Director at Hayvn ADGM from 23 December 2021 to 22 December 2023. Mr. Flinos is one of the Ultimate Beneficial Owners (“**UBOs**”) of Hayvn ADGM.
- 3.3. The Regulator considers that Mr. Flinos was Knowingly Concerned (as defined in section 258 of the Regulations) in contraventions by each of AC Holding, Hayvn Cayman and Hayvn ADGM. Accordingly, pursuant to section 220 of the Regulations, by being so Knowingly Concerned, Mr. Flinos committed a contravention and is liable to be proceeded against and dealt with accordingly.
- 3.4. In particular, the Regulator considers that, with the direct and knowing involvement of Mr. Flinos over the period from around 1 October 2018 to 13 December 2023:

- a. AC Holding carried out Regulated Activities in ADGM by way of business for which it was not duly licensed. AC Holding processed significant amounts of Hayvn Group Client Monies and Client Investments through ADGM. In doing so, AC Holding carried out the Regulated Activities of Providing Money Services and Arranging Deals in Investments (as defined in the Regulations), when it was neither an Authorised Person nor an Exempt Person. In doing so, AC Holding contravened section 16 of the Regulations;
- b. AC Holding 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 Person or Exempt Person. In doing so, AC Holding contravened section 20 of the Regulations;
- c. Hayvn Cayman was Knowingly Concerned in contraventions of the Regulations by:
 - i. AC Holding (described in paragraph 3.4.a. and b. above); and
 - ii. Hayvn ADGM, one of Hayvn Cayman's subsidiaries, licensed by the Regulator to carry on certain Regulated Activities in ADGM (described in paragraphs 3.4.d. to f. below).

In doing so, Holding Cayman contravened sections 16 and 20 of the Regulations;

- d. Hayvn ADGM carried on Regulated Activities outside of the scope of its Financial Services Permission ("FSP") by:
 - i. conducting Regulated Activities in relation to Virtual Assets that were not Accepted Virtual Assets within ADGM when its FSP permitted it only to use the Accepted Virtual Assets of Bitcoin ("BTC") and Ethereum ("ETH"); and
 - ii. breaching the conditions of its FSP under which it was restricted to holding Client Assets of up to USD 1 million in total assets (fiat currency and Accepted Virtual Assets combined);
- e. Hayvn ADGM allowed Client Money to be held in, and transferred through, the bank accounts of:
 - i. AC Holding, the unregulated third-party SPV owned by Mr. Flinos; and
 - ii. Hayvn ADGM's parent company, Hayvn Cayman.
- f. Hayvn ADGM did not put in place formal agreements with AC Holding or Hayvn Cayman to govern the operations and provide legal protections between Hayvn ADGM and those companies. In doing so, Hayvn ADGM put Client Investments and Client Monies at risk. As a result, Hayvn ADGM failed to:

- i. arrange proper protection for assets and money of its customers, in breach of Principle 9 of the Principles for Authorised Persons (GEN Rule 2.2.9); and
- ii. comply with the Client Money Rules or have systems and controls in place to ensure that Client Money was identifiable and secure at all times, in breach of COBS Rule 14.2.1.

3.5. The Regulator considers that Mr. Flinos was directly and knowingly involved in the suspected contraventions, including those of:

- a. AC Holding, as described in paragraphs 3.4.a. and b. above, and was otherwise responsible for AC Holding's activities as its Director from August 2018 to date. By reason of Mr. Flinos' knowing involvement in the activities of AC Holding, Mr. Flinos also contravened sections 16 and 20 of the Regulations and is liable to be proceeded against accordingly;
- b. Hayvn Cayman, as described in paragraph 3.4.c. above, as Mr. Flinos ran the day-to-day operations of the Hayvn Group in his roles as the CEO and board member of Hayvn Group, including the parent company Hayvn Cayman; and
- c. Hayvn ADGM, as described in paragraphs 3.4.d. to f. above, as Mr. Flinos ran the day-to-day operations as SEO of Hayvn ADGM and was also the CEO and board member of the Hayvn Group including the parent company, Hayvn Cayman. Further, Mr. Flinos failed to take reasonable care to ensure that the business of Hayvn ADGM, for which he was ultimately responsible as the SEO, complied with the Rules and Regulations in ADGM.

3.6. Further, the Regulator considers that, over the period from around 1 August 2022 to 13 December 2023, Mr. Flinos acted dishonestly in that he:

- a. provided misleading information to the Hayvn Board of Directors regarding the scope and seriousness of the Investigation being undertaken by the Regulator;
- b. failed to disclose to the Regulator on multiple occasions that the Hayvn Group was operationally reliant on the bank accounts of AC Holding;
- c. provided misleading information to the Regulator in response to requests for information and Regulatory Notices issued to Hayvn ADGM, including but not limited to information relating to:
 - i. the operations of Hayvn ADGM and the Hayvn Group in ADGM;
 - ii. the number of clients contracted with Hayvn ADGM; and
 - iii. the bank accounts used by clients of Hayvn ADGM and the Hayvn Group.

- d. caused false and misleading documents to be created and provided to one of AC Holding's banks;
- e. caused false documents to be created and provided to banks used by the Hayvn Group and to the banks of Hayvn Group clients; and
- f. caused falsified client signatures to be added to client user agreements and instructed Hayvn Cayman employees to circulate those falsified documents to a bank's compliance department in order to unblock Hayvn Cayman's frozen bank account(s).

3.7. As a result, the Regulator considers that Mr. Flinos' conduct fell significantly short of the standards expected of him as an Approved Person performing the Controlled Functions of SEO and Licensed Director at Hayvn ADGM. In particular, Mr. Flinos has contravened the following Principles for Approved Persons:

- a. Principle 1, GEN Rule 2.4.1, as he has not observed the high standards of integrity and fair dealing in carrying out a Controlled Function;
- b. Principle 4, GEN Rule 2.4.4, as he has not dealt with the Regulator in an open and cooperative manner and also failed to disclose relevant information to the Regulator; and
- c. Principle 6, GEN Rule 2.4.6 as he failed to take reasonable care to ensure that the business of Hayvn ADGM, for which he was ultimately responsible as SEO, complied with applicable Regulations and Rules.

3.8. Further, the Regulator also considers that Mr. Flinos is not fit and proper to perform any function in relation to a Regulated Activity Function because:

- a. he has acted dishonestly and provided false documents and misleading information to the Regulator and to third parties;
- b. he knowingly or recklessly contravened the Regulations and Rules;
- c. his conduct has caused Hayvn ADGM (for which he was the SEO) to contravene the Regulations (including as regards section 17 of the Regulations) and the Rules made under the Regulations; and
- d. his conduct has caused Hayvn Cayman (for which he was the CEO) and AC Holding (for which he was a Director) to the contravene Regulations involving the unauthorised carrying on of Regulated Activities in ADGM.

3.9. Accordingly, the Regulator considers it appropriate in the circumstances to take the Action set out in this Final Notice.

4. FACTS AND MATTERS RELIED ON

Background

- 4.1. Hayvn Cayman, incorporated in July 2018 in the Cayman Islands, is the parent entity of a group of entities (the “**Hayvn Group**”) which traded as ‘HAYVN’ and conducted business in a number of jurisdictions involving the operation of a platform for the trading, conversion, acceptance as a means of payment, and the provision of custody in relation to Virtual Assets.
- 4.2. On 8 August 2018, AC Holding was registered with the ADGM Registration Authority as an SPV and was initially 50% owned by Mr. Flinos who was also one of two Registered Directors. In January 2019, ownership of AC Holding was transferred in full to Hayvn Cayman. Mr. Flinos was a Shareholder and Director of Hayvn Cayman at that time. On 20 April 2020, Mr. Flinos became the sole Shareholder and Director of AC Holding and remains so.
- 4.3. AC Holding has the same legal name as the Hayvn Group’s parent company, Hayvn Cayman.
- 4.4. 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. That was known to Mr. Flinos. Despite that, AC Holding was involved in a substantial number of transactions on behalf of Hayvn Cayman, Hayvn ADGM and the Hayvn Group which constituted Regulated Activities in ADGM. At the behest of Mr. Flinos, AC Holding 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 it was neither an Authorised nor an Exempt Person, as explained further below.
- 4.5. Mr. Flinos directed AC Holding to use 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, Mr. Flinos directed AC Holding to create and disseminate 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.
- 4.6. Hayvn ADGM was one of Hayvn Cayman’s subsidiaries. On 8 December 2021, Hayvn ADGM registered in ADGM and on 23 December 2021 the Regulator granted Hayvn ADGM an FSP authorising it to undertake the Regulated Activities of “*Arranging Deals in Investments*” and “*Providing Custody*”. However, the following conditions 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 the Accepted Virtual Assets of Bitcoin (“BTC”) and Ethereum (“ETH”) on its platform; 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.

Mr. Flinos' role and responsibilities

- 4.7. Mr. Flinos was one of the co-founders and a UBO of Hayvn Cayman (and hence the Hayvn Group) and 50% shareholder of AC Holding from August 2018, becoming its sole Shareholder and Director from 20 April 2020. Until mid-December 2023, Mr. Flinos was:
 - a. a member of the Board of Directors and CEO of Hayvn Cayman; and
 - b. a member of the Board of Directors and SEO of Hayvn ADGM.
- 4.8. Mr. Flinos remains a Director and the 100% shareholder of AC Holding.
- 4.9. On 23 December 2021, Mr. Flinos was granted Approved Person status by the Regulator to perform the Controlled Functions of SEO and Licensed Director at Hayvn ADGM.
- 4.10. As the CEO of Hayvn Cayman and head of the Hayvn Group, Mr. Flinos had ultimate responsibility for the day-to-day management, supervision and control of all of its operational and corporate activities including those of Hayvn ADGM.
- 4.11. The Regulator was unable to find any evidence that the Board of Directors of Hayvn ADGM ever convened a meeting as a legal entity. Rather, the Board of Directors of Havn Cayman convened and acted as the Board of Directors for the entire Hayvn Group. This resulted in the management and oversight of the entities within the Hayvn Group being undertaken at Hayvn Cayman level. As there were no clear delineations between Hayvn Cayman's operations and the operations of the other entities within the Hayvn Group, the Regulator was unable to find evidence that there was an appropriate segregation of duties between individuals employed at each of the various group entities, or appropriate reporting lines to the wider Boards of Directors of Hayvn Cayman and Hayvn ADGM.
- 4.12. Mr. Flinos independently exercised tight control over the operational and corporate activities of the entire Hayvn Group, with either no or inadequate oversight or supervision from other Directors or shareholders of Hayvn Cayman and other group entities. He personally and tightly controlled the provision of information to the Hayvn Cayman Board of Directors, without any independent reporting lines to that Board. This enabled Mr. Flinos to provide the Hayvn Cayman Board with misleading information regarding the operations of Hayvn ADGM, and the nature and seriousness of the ongoing regulatory issues being faced by Hayvn ADGM from January 2023 onwards.
- 4.13. Further, until 7 December 2023, Mr. Flinos was the '*Super User*' with all administrative privileges for the Hayvn Group's Information Technology infrastructure. This allowed him to control and monitor employee emails and direct messaging conversations. Mr. Flinos was also able to delete email accounts and communications at will.

- 4.14. Mr. Flinos was also the only authorised signatory for certain AC Holding bank accounts that were used to process significant amounts of Client Monies for the Hayvn Group. Access to these accounts was personally and tightly controlled by Mr. Flinos to such an extent that, when copies were requested by the Regulator, some were only available from Mr. Flinos directly.
- 4.15. As such, the Regulator considers Mr. Flinos to be the controlling mind of the Hayvn Group. He ensured that any and all material decisions had to be made via him, and he personally tightly controlled any and all communications to the Board of Directors of Hayvn Cayman.

The Regulator's Investigation

- 4.16. From mid-2022 and during 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.
- 4.17. 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 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 and informal 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.
- 4.18. 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, Hayvn ADGM and other Hayvn Group entities. This included an enquiry into the nature of Hayvn Cayman, Hayvn ADGM and the Hayvn Group's dealings with AC Holding.
- 4.19. In early October 2023, the bank accounts of AC Holding were closed.
- 4.20. 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.

- 4.21. 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 related to the Hayvn ADGM's activities in ADGM.
- 4.22. 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.
- 4.23. 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 the Hayvn Group's operations and the use of AC Holding's bank accounts in those operations.
- 4.24. Over the period from May 2024 to early 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

- 4.25. 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.
- 4.26. 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).
- 4.27. 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.

- 4.28. 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 ADGM.
- 4.29. Mr. Flinos directed the processing of client transactions in ADGM by AC Holding on behalf of Hayvn Cayman and the Hayvn Group. Hayvn Cayman was Knowingly Concerned in those activities. The activities were 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

- 4.30. The Regulator found that, over the period between October 2018 to 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.
- 4.31. 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 (as understood by the Regulations) to Hayvn Cayman and other parts of the Hayvn Group without being duly licensed to do so by the Regulator.
- 4.32. 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 Person or an Exempt Person. In doing so, AC Holding contravened the General Prohibition in section 16 of the Regulations.

- 4.33. 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 approximately 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.
- 4.34. 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. 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.
- 4.35. The Regulator's Investigation 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 either to receive the converted Virtual Asset amounts, or to settle the required fiat currency amounts. The transactions described in paragraph 4.33 above were personally directed by Mr. Flinos to be settled through AC Holding's bank accounts.
- 4.36. Payment instructions directed through AC Holding bank accounts were prepared on a daily basis by an employee of Hayvn Cayman who would then confirm with 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.
- 4.37. Further, given that AC Holding shared its name with Hayvn Cayman, clients of the Hayvn Group were unaware that their deposit of a Virtual Asset and/or the settlement of the fiat currency amounts were being transacted through the accounts of AC Holding, i.e. an unregulated third-party SPV, rather than through Hayvn Cayman.
- 4.38. In addition, under arrangements directed by Mr. Flinos, Hayvn Cayman's finance team were instructed by Mr. Flinos to monitor and review the balances of all Hayvn Group's bank accounts, which included AC Holding's bank accounts, in order to monitor the liquidity position of the Hayvn Group.

- 4.39. 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.
- 4.40. Hayvn Cayman was a 100% shareholder of AC Holding from 7 January 2019 to 20 April 2020, during which time the Regulator identified Hayvn Cayman client transactions 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.
- 4.41. As the sole Director and Shareholder of AC Holding, the CEO of Hayvn Cayman and the Hayvn Group, and the SEO of Hayvn ADGM, Mr. Flinos personally directed the use by Hayvn Cayman and Hayvn ADGM of AC Holding as a Money Service Provider even though he knew that AC Holding was neither an Authorised Person nor an Exempt Person. Accordingly, given its direct involvement in the Regulated Activities carried on by both Hayvn Cayman and Hayvn ADGM, Mr. Flinos caused AC Holding to contravene the General Prohibition in section 16 of the Regulations.
- 4.42. Through his direct involvement and ability to influence and control operations as the CEO of Hayvn Cayman, Mr. Flinos personally directed Hayvn Cayman and the Hayvn Group's use of AC Holding's bank accounts. Further, as the Director and shareholder of AC Holding and an authorised signatory to AC Holding's bank accounts, Mr. Flinos personally directed AC Holding's unlicensed provision of the Regulated Activity of Providing Money Services. As a result of his knowledge and involvement in AC Holding's activities, Mr. Flinos was Knowingly Concerned in AC Holding's contravention of section 16 of the Regulations.

Arranging Deals in Investments

- 4.43. 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 duly licensed to do so.
- 4.44. Under the Regulations, a person who, by way of business in ADGM, 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 an Exempt Person and was, therefore, not permitted to carry on any Regulated Activities in ADGM. Mr. Flinos was aware of that fact.

- 4.45. The Hayvn Group, headed by Mr. Flinos as CEO of 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.
- 4.46. The use of AC Holding's bank accounts by Hayvn Cayman and the Hayvn Group was not approved by Hayvn Cayman's Board of Directors. However, the use of certain AC Holding's bank accounts was personally directed by Mr. Flinos and facilitated by certain employees of the Hayvn Group on Mr. Flinos' instructions for use in supporting Hayvn Group client transactions.
- 4.47. While the bank balances associated with AC Holding's bank accounts were consolidated into Hayvn Cayman's financial statements 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.
- 4.48. In respect of the conversion of Virtual Assets to fiat currency and vice versa, the same or similar process to that described in paragraphs 4.34 to 4.36 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 4.37 above.
- 4.49. 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.
- 4.50. Mr. Flinos directed AC Holding's processing of Virtual Asset transactions on behalf of Hayvn Cayman clients. As a result of his knowledge and involvement in AC Holding's activities, Mr. Flinos was Knowingly Concerned in AC Holding's contravention of section 16 of the Regulations.

AC Holding's false claims to be authorised

- 4.51. 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 - ...*

(i) *an Authorised Person ...”*

4.52. AC Holding was at no time an Authorised Person or an Exempt Person (in relation to any Regulated Activity, including Providing 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 was reasonably likely to be understood as indicating) that it was an Authorised Person.

4.53. 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”.

4.54. The website, therefore, described AC Holding as an operating entity in 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.

4.55. 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. Notwithstanding the fact that AC Holding was an unregulated SPV based in ADGM, 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]*

4.56. 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.”

4.57. This agreement also implies 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]*
- 4.58. 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 ..."*
- 4.59. 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]*
- 4.60. Mr. Flinos described AC Holding as HAYVN in the Referral Agreement with 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. Given AC Holding shared its name with Hayvn Cayman, Client 1 would be unaware that the transactions undertaken were actually with the unregulated SPV. All transactions associated with Client 1 were then recorded in Hayvn Cayman's books and records. These included:
- 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.
- 4.61. However, as stated above, since 20 April 2020 AC Holding was not part of the Hayvn Group and was not licensed to undertake any 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 type of Virtual Assets in ADGM.
- 4.62. The Regulator therefore considers that AC Holding described itself in such terms that would have led others to believe it was an Authorised Person, and that it behaved and held itself out in a manner which indicated, or which would reasonably be understood as indicating, that it was an Authorised Person when it was not. Accordingly, through his personal knowledge and

involvement in AC Holding's activities and the false and misleading information as to its regulatory status in ADGM, Mr. Flinos was Knowingly Concerned in AC Holding's contravention of section 20 of the Regulations.

Provision of False and misleading information to the Regulator

- 4.63. The Regulator considers that, on multiple occasions over the period from around August 2022 to around 11 August 2023, Mr. Flinos personally engaged in, directed and instructed employees of the Hayvn Group to provide false and misleading information to the Regulator in response to information requests and Notices issued by the Regulator requiring the provision of information and documents.
- 4.64. In or around August 2022, Mr. Flinos and Hayvn ADGM provided misleading information and false documents to the Regulator in response to a voluntary request for information regarding Hayvn ADGM's and the Hayvn Group's relationship with a particular Client – Client 1, detailed in paragraph 4.55 above. Hayvn ADGM's response deliberately withheld pertinent information regarding its and Hayvn Group's relationship with Client 1. Mr. Flinos and Hayvn ADGM provided a '*Referral Agreement*' that was purportedly between Hayvn Cayman and Client 1 together with a template agreement between Hayvn Cayman and 'clients' of Client 1. However, Mr. Flinos and Hayvn ADGM did not provide the actual agreement which had been executed between AC Holding and Client 1. Mr. Flinos and Hayvn ADGM provided a false document (the '*Referral Agreement*' highlighted above) and information that was designed to mislead the Regulator and conceal the fact that AC Holding (i.e. an unregulated third-party SPV) had entered into a formal agreement with Client 1 to provide services (i.e. OTC transactions and custody for Virtual Assets) that required that it be either an Authorised Person or an Exempt Person when it was neither.
- 4.65. Over the Period August 2022 to around 11 August 2023, in response to such requests for information, Mr. Flinos and Hayvn ADGM repeatedly 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.
- 4.66. In March 2023, in response to a notice issued by the Regulator in January 2023, requiring the provision of information and documents, Mr. Flinos and Hayvn ADGM provided a schedule of Hayvn ADGM and Hayvn Group bank accounts that deliberately misclassified two bank accounts where the '*Legal Entity*' was described as "*Hayvn Cayman: Reserved for Hayvn ADGM*" when, in reality, those were AC Holding's accounts. In the same response, Hayvn ADGM omitted any information in relation to two (2) additional bank accounts held by AC Holding that had been used to process Hayvn ADGM and Hayvn Group client transactions. The Regulator considers that was done to mislead the Regulator as to the ownership and control of those bank accounts and to prevent the Regulator from identifying Hayvn ADGM's and Hayvn Group's reliance of the Hayvn Group on the bank accounts of AC Holding, and AC Holding's involvement in unlicensed provision of Regulated Activities in connection with those

bank accounts.

- 4.67. Over the period from March 2023 to 10 August 2023, Mr. Flinos and Hayvn ADGM continued to mislead the Regulator in relation to Hayvn ADGM's and the Hayvn Group's use of bank accounts held by AC Holding, despite additional enquiries having been made by the Regulator, including during the course of a supervisory risk assessment conducted in July 2023.
- 4.68. Mr. Flinos was aware in his roles as the sole Director and shareholder owner of AC Holding and CEO of Hayvn ADGM that any disclosure of the requested information to the Regulator would confirm that AC Holding had been carrying on unauthorised activities in contravention of section 16 of the Regulations.

Dissemination of false or misleading information and documents

- 4.69. The Regulator considers that Mr. Flinos personally engaged in the creation and dissemination of false and misleading information. He also directed and instructed employees of the Hayvn Group to create and disseminate false and misleading information. 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 benefit of Hayvn Cayman, Hayvn Group's introducing brokers and Hayvn Group clients in an attempt to obfuscate the fact that its transactions to and from the bank accounts of AC Holding involved, or were related to, Virtual Assets;
 - 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 to 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.

- 4.70. As detailed in paragraph 4.34 above, it was imperative that Hayvn Cayman and the Hayvn Group kept the bank accounts of AC Holding open and operational to service their clients. Therefore, the methods described in paragraphs 4.69.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.
- 4.71. Further, the Regulator found evidence that the environment within the Hayvn Group was such that Mr. Flinos was able to: direct the use of AC Holding's bank accounts for the processing of Hayvn Cayman and Hayvn Group client transactions without this being fully understood by relevant control functions within Hayvn Cayman and with either no or limited oversight and challenge in relation to this activity.

Hayvn ADGM's Activities

- 4.72. Over the period from around June 2022 to around September 2023, Hayvn ADGM established customer relationships with eight (8) Clients by executing client agreements, under which Hayvn ADGM would provide a range of services related to Virtual Assets, which included trading, conversion of Virtual Assets and custody services. Mr. Flinos signed each of those agreements as the SEO of Hayvn ADGM and was aware that those clients had relationships with Hayvn ADGM. In most cases, Mr. Flinos had the initial introductory meetings with those prospective clients and then finalised the agreements.
- 4.73. Even though Mr. Flinos had signed the client agreements between the eight clients and Hayvn ADGM, Hayvn ADGM only formally recorded one (1) of those client relationships as a client prior to 14 December 2023. Further, in response to both formal and informal requests for information by the Regulator in January, June and August 2023, Mr. Flinos individually, and Hayvn ADGM as a legal entity, repeatedly and emphatically informed the Regulator that Hayvn ADGM only had one (1) client relationship, and that this client had never traded in its Hayvn ADGM account or otherwise on the Hayvn Group trading platform.
- 4.74. The remaining seven (7) Client relationships were established between June 2022 and September 2023 but were not recorded as Clients by Hayvn ADGM on its internal register of Clients or in its systems as Clients of Hayvn ADGM. The existence of these Client relationships was only identified by Hayvn ADGM and disclosed to the Regulator between 14 December 2023 and 7 February 2024, (after Mr. Flinos had resigned, described in paragraph 4.22 above). These clients were recorded internally within Hayvn Group as being Clients of Hayvn Cayman despite the Client agreements having been executed between Hayvn ADGM and the relevant Clients.
- 4.75. Of those six (6) that traded, three Clients had client agreements solely with Hayvn ADGM whilst the other three had agreements with both Hayvn ADGM and Hayvn Cayman.
- 4.76. Of the eight (8) Clients referenced above, six (6) Clients used their account for trading in Virtual Assets with 2,998 Virtual Asset transactions being recorded on Hayvn Group's internal system used to record Virtual Asset transactions. Those transactions related to the conversion of Virtual Assets to fiat currency and vice versa, amounted to circa USD Tether 42.32 million and USD Circle 1.33 million stablecoins (as applicable). This was in breach of the condition imposed on Hayvn ADGM's FSP which restricted it to providing services only in respect of BTC and ETH as Accepted Virtual Assets.
- 4.77. The services provided to those six (6) Clients included fiat payments of over circa USD 43.41 million of which circa 97% related to one client, ("**Client 2**") (not being the one formally recorded client). Client 2 entered into a client agreement with Hayvn ADGM (only) which was signed by Mr. Flinos. The fact that Client 2 was a client of Hayvn ADGM was not disclosed by Mr. Flinos to the Regulator during the period August 2022 and 11 December 2023 despite him having had several opportunities to do so, including in compliance with a formal information requirement pursuant to the Regulations.

- 4.78. This activity caused Hayvn ADGM to breach the condition imposed by the Regulator on Hayvn ADGM's FSP under which Hayvn ADGM could only hold Client assets of up to USD 1 million (fiat currency and Accepted Virtual Assets) in contravention of section 17 of the Regulations.
- 4.79. As described above in paragraphs 4.7 to 4.15, as the CEO of the Hayvn Group, Mr. Flinos controlled the day-to-day operations of the Hayvn Group, including those of Hayvn ADGM, where he was the SEO. Further, the Regulator found that Mr. Flinos was directly and personally involved in client transactions which breached the conditions imposed on Hayvn ADGM's FSP. Accordingly, Mr. Flinos was Knowingly Concerned in Hayvn ADGM's contravention of section 17 of the Regulations.

Conduct by Mr. Flinos in his roles as SEO of Hayvn ADGM and CEO of the Hayvn Group

- 4.80. The Regulator considers that Mr. Flinos' conduct fell significantly short of the standards expected of him as an Approved Person performing the Controlled Functions of SEO and Licensed Director at Hayvn ADGM and as the CEO of Hayvn Group. In particular:
- a. Mr. Flinos knowingly provided either incomplete information, or false and misleading information, to the Hayvn Group Board of Directors which impacted its ability to effectively govern and have oversight and control of the business and the behaviour of Mr. Flinos. This included:
 - i. not disclosing the scope and seriousness of the Regulator's Investigation, impacting the Board's ability to mitigate the contraventions at an earlier stage;
 - ii. denying board members access to other senior managers of the Hayvn Group. Only the CFO communicated separately to a board member outside of the board meetings;
 - iii. deliberately concealing and failing to disclose, until after an investigation by the Audit and Risk Committee, that AC Holding:
 1. was owned by Mr. Flinos and was not part of the Hayvn Group; and
 2. was used extensively by the Hayvn Group to process significant client transactions through its bank accounts.
 - iv. deliberately concealing information to ensure the Board of Directors was unaware when the Hayvn Group had issues. For example, editing a 'risk register' maintained by the Hayvn Group to remove issues including those identifying:
 1. compliance issues raised by its banking partners including when accounts had been frozen; or
 2. legal issues which were raised when a firm or individual had either instigated

or disclosed that they were preparing to initiate legal proceedings against the firm;

- v. disguising an ongoing legal dispute with an investor consortium as a share buy-back scheme to allow payment of the settlement amount (this was also removed from the Risk Register presented at a board meeting);
 - vi. confirming to the Board of Directors at the quarter 2 board meeting held on 15 June 2023 that the ongoing dispute with the investor consortium had been resolved when it was still ongoing;
 - vii. hiring senior employees without recourse to the Board of Directors in contravention of Hayvn Cayman's Articles of Association; and
 - viii. individually signing Hayvn Group Board Resolutions without consulting and / or receiving approval from the other members of the Board of Directors.
- b. Mr. Flinos directed and instructed certain employees of the Hayvn Group to engage in the creation and provision of false and misleading information and documents to the Regulator described in paragraphs 4.63 to 4.68 and to third parties, described in paragraphs 4.69 above;
 - c. Mr. Flinos authorised the addition of falsified client signatures to client user agreements and instructed certain Hayvn Cayman employees to provide those false documents to a bank in order to unblock Havn Cayman's frozen bank account(s), which contained USD 3.4 million of Hayvn Cayman Client Monies, while a review was undertaken by the bank's compliance department;
 - d. Mr. Flinos failed to put any legal protections in place, including service level agreements between AC Holding and any Hayvn Group entity to protect Client Monies and Client Investments; and
 - e. Mr. Flinos failed to take reasonable care to ensure that the business of Hayvn ADGM for which he was responsible complied with the Regulations and Rules in ADGM as described in paragraphs 4.72 to 4.79 above.

5. CONTRAVENTIONS

Mr. Flinos' Knowing Concern in breaches by AC Holding, Hayvn Cayman and Hayvn ADGM

The General Prohibition

- 5.1. Section 16 of the Regulations provides, in part, 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.

Authorised Persons acting without a Financial Services Permission

5.3. Section 17 of the Regulations provides that:

“An Authorised Person must not carry on a Regulated Activity in the Abu Dhabi Global Market, or purport to do so, otherwise than in accordance with a Financial Services Permission.”

False claims to be authorised or exempt

5.4. 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

5.5. Section 19 of the Regulations provides that:

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

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

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

5.7. 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

5.8. 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.”

Knowingly Concerned

- 5.9. Section 220 of the Regulations provides that, if a person is Knowingly Concerned in a contravention of the Regulations committed by another person, the aforementioned person as well as the other person commits the contravention and is liable to be proceeded against and dealt with accordingly.
- 5.10. As defined in section 258(1) of the Regulations, a person is 'Knowingly Concerned' in a contravention if a person has:
- a. aided, abetted, counselled or procured the contravention;
 - b. induced, whether by threats or promises or otherwise, the contravention;
 - c. in any way, by act or omission, directly or indirectly been knowingly involved in or been party to, the contravention; or
 - d. conspired with another or others to effect the contravention.
- 5.11. For the reasons set out above, the Regulator considers that Hayvn Cayman, Hayvn ADGM and AC Holding committed various contraventions of the Regulations. Mr. Flinos aided or abetted, or was directly or indirectly knowingly involved in, or a party to, those contraventions.
- 5.12. In particular, the Regulator considers that Mr. Flinos was Knowingly Concerned in the following contraventions:
- a. Section 16 of the Regulations (the General Prohibition) in that he was directly and knowingly involved in the activities of AC Holding in ADGM activities which constituted a Regulated Activity, 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;in that such activities were carried on by way of business in ADGM by AC Holding without it being an Authorised Person or an Exempt Person;
 - b. Section 20 of the Regulations (False Claims to be Authorised or Exempt) in that he was directly and knowingly involved in AC Holding 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 when that was not the case; and

- c. Section 17 of the Regulations (Authorised Persons acting without an FSP) in that Mr. Flinos was directly and knowingly involved in Hayvn ADGM carrying on a Regulated Activity in ADGM:
- i. in relation to Virtual Assets that were not Accepted Virtual Assets; and
 - ii. in breach of the restriction imposed on Hayvn ADGM's FSP which restricted it to holding Client Assets up to USD 1 million in total assets (fiat currency and Accepted Virtual Assets combined),

such activities being outside the scope of conditions imposed on Hayvn ADGM's FSP.

- 5.13. In being so Knowingly Concerned in the contraventions by AC Holding, Hayvn Cayman and Hayvn ADGM, by reason of section 220 of the Regulations, Mr. Flinos also committed a contravention and is liable to be proceeded against and dealt with accordingly.

Mr. Flinos' contravention of the Principles for Approved Persons

- 5.14. As an Approved Person performing the Controlled Functions of SEO and Licensed Director at Hayvn ADGM, Mr. Flinos was required to comply with the Principles for Authorised Persons in GEN 2.3.

- 5.15. The Regulator considers that, for the reasons set out above, Mr. Flinos contravened the following Principles for Approved Persons:

- a. **Principle 1 – Integrity** (GEN Rule 2.4.1), in that he acted dishonestly because he intentionally:
 - i. provided misleading information to the Hayvn Board of Directors regarding the scope and seriousness of the Investigation being undertaken by the Regulator (as detailed in paragraphs 4.12 and 4.80);
 - ii. failed to disclose to the Regulator on multiple occasions that Hayvn Group was using the accounts of AC Holding, (i.e. the unregulated third-party SPV), in its business operations (as detailed in paragraphs 4.63 to 4.67);
 - iii. provided misleading information to the Regulator in response to requests for information and Regulatory Notices issued to Hayvn ADGM, including but not limited to information relating to:
 1. the operations of Hayvn ADGM and the Hayvn Group in ADGM (as detailed in paragraphs 3.6.c.i and 4.63 to 4.79);
 2. the number of clients registered with Hayvn ADGM (as detailed in paragraphs 3.6.c.ii and 4.72 to 4.79); and

3. bank accounts used by clients of Hayvn ADGM and the Hayvn Group (as detailed in paragraphs 3.6.c.iii and 4.63 to 4.67).
 - iv. authorised the creation of false and misleading documents provided to the Regulator, paragraph 4.64;
 - v. authorised the creation of false documents that omitted mention of Virtual Assets, and production of those documents to banks to open and keep open, banking lines used by the Hayvn Group, paragraph 4.69; and
 - vi. authorised the addition of falsified client signatures to client user agreements and instructed Hayvn Cayman employees to circulate those falsified documents to a bank's compliance department in order to unblock Hayvn Cayman's frozen bank account(s), paragraph 4.80.c.
- b. **Principle 4 – Relations with the Regulator** (GEN Rule 2.4.4) – in that he intentionally failed to deal with the Regulator in an open and co-operative manner and also failed to disclose relevant information to the Regulator (as detailed in paragraphs 4.63 to 4.68); and
 - c. **Principle 6 – Compliance** (GEN Rule 2.4.6) – in that he knowingly failed to take reasonable care to ensure that the business of Hayvn ADGM for which he was responsible complied with applicable Regulations and Rules (as detailed in paragraphs 4.72 to 4.79).

Lack of fitness and propriety

- 5.16. The Regulator also considers that Mr. Flinos is not fit and proper to perform any function in relation to any Regulated Activity carried on by an Authorised Person in ADGM because:
 - a. he has acted dishonestly, as summarised in paragraph 5.15.a above;
 - b. he has knowingly or recklessly contravened Regulations and Rules, as demonstrated in paragraphs 4.30 to 4.62 above;
 - c. his conduct has caused Hayvn ADGM (in relation to which he was an Approved Person performing the functions of SEO and Licensed Director) to contravene Regulations and Rules, as demonstrated in paragraphs 4.72 to 4.79 above; and
 - d. his conduct has caused Hayvn Cayman and AC Holding to contravene Regulations concerning the unauthorised carrying on of Regulated Activities in ADGM, as demonstrated in paragraphs 4.30 to 4.62 and 4.64 to 4.71 above.

6. OPPORTUNITY FOR REPRESENTATIONS AND APPEAL

- 6.1. On 15 January 2025, the Regulator gave Mr. Flinos 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 Mr. Flinos was given the opportunity to make representations to the Regulator. Mr. Flinos did not make any representations.

6.2. On 28 February 2025, the Regulator gave Mr. Flinos a Decision Notice pursuant to section 248 of the Regulations. The Decision Notice set out the Regulator's decision and action. Mr. Flinos was given the opportunity to refer the matter to the Appeals Panel.

6.3. As Mr. Flinos 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 Mr. Flinos 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 8.4 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 Mr. Flinos:

- 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 Action 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. Mr. Flinos' conduct was deliberate, or in the alternative reckless, in that he knew that AC Holding was not permitted to carry on, or purport to carry on any form of

Regulated Activities in ADGM;

- ii. at all times Mr. Flinos was a shareholder, Director and effective controller of all of AC Holding's activities and as a result is considered solely responsible for the contraventions conducted by AC Holding;
 - iii. Mr. Flinos' conduct was wilful, deliberate and continued over an extended period of time. It included opening new AC Holding bank accounts in November 2022 that processed significant client transactions. This was after the Regulator had already started to raise queries into the operations of AC Holding;
 - iv. Mr. Flinos failed to put in place any legal protections including service level agreements between AC Holding and any Hayvn Group entity to protect Client Monies and Client Investments;
 - v. Mr Flinos' conduct led to transactions being undertaken in ADGM, primarily through the bank accounts of AC Holding that constituted unauthorised Regulated Activities and exposed the ADGM jurisdiction to an increased risk of financial crime and money laundering; and
 - vi. Mr. Flinos was the directing will and mind behind the activities of AC Holding and the driving force behind it being used to commit contraventions to the extent and period of time that it did.
- d. 8.2.1(e): - As a UBO, the CEO and Director of the Hayvn Group, Mr. Flinos gained indirect benefit from the contraventions since the Hayvn Group received revenue from the client transactions that it undertook through AC Holding bank accounts.
- e. 8.2.1(f)(iv): - the Regulator considers that there is a high likelihood that the same type of contravention would continue and recur if no action is taken.
- f. 8.2.1(f)(i) and (ii), 8.2.1(g) and (h): Mr. Flinos did not cooperate at all with the Regulator, and instead intentionally provided the Regulator with false and misleading information in an attempt to prevent the Regulator's discovery of the contraventions.

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 8.6 of GPM as follows:

Step 1: Disgorgement

- 7.4. The Regulator considers that, as an employee and shareholder of Hayvn Cayman and Hayvn ADGM, Mr. Flinos gained benefit from the contraventions. The firms involved received revenue from client transactions that were executed, in part, by using AC Holding's bank accounts. AC

Holding's accounts were used to pay Mr. Flinos' salary and benefits. However, it has not been possible to quantify the exact amount of that benefit which is attributable to Mr. Flinos as a result of transactions which involved payments through AC Holding for the benefit of Hayvn Cayman and the wider Group. Accordingly, the Regulator does not consider it appropriate in Step 1 to include the full amount of Hayvn Cayman revenue over the relevant period, which it has calculated as USD 12.47 million, as improperly derived economic benefit attributable to Mr. Flinos. Instead, the Regulator has taken into account the amount of revenue earned by Hayvn Cayman during the relevant period at Step 2 in its consideration of the nature and seriousness of the contraventions at Step 2 of this process.

Step 2: The seriousness of the contraventions

- 7.5. The Regulator considers Mr. Flinos' conduct to be serious because:
- a. it involved deliberate contraventions of the Regulations;
 - b. it caused AC Holding to carry on a significant volume of unauthorised Regulated Activity in ADGM for a significant period of time. This caused Hayvn Group's Client Money and Client Investments to be placed at significant risk, as Hayvn Cayman did not put in place formal agreements or other arrangements to safeguard Client Money and Assets. Therefore, Mr. Flinos exposed Hayvn Cayman and Hayvn ADGM clients to significant risk; and
 - c. Mr. Flinos' conduct exposed ADGM to significant risk of financial crime and money laundering. Mr. Flinos was aware that 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. Regardless, Mr. Flinos directed the use of the bank accounts of AC Holding for the processing of a significant volume of Hayvn Group client transactions over a significant period of time. Therefore, Mr. Flinos 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 500,000 appropriately reflects the seriousness of the contraventions.
- 7.7. Accordingly, the figure after Step 2 is USD 500,000.

Step 3: Mitigating and aggravating factors

- 7.8. The Regulator considers the following factor has a mitigating effect on the contraventions:
- a. During a compulsory interview with the Regulator in December 2023, Mr. Flinos made a number of admissions in relation to his conduct, including in relation to his involvement in directing the unauthorised Regulated Activities of AC Holding.

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

- a. Mr. Flinos was aware from August 2022 of specific enquiries made by the Regulator into the operations of Hayvn ADGM and, from January 2023, into the bank accounts used by Hayvn ADGM, Hayvn Cayman and the Hayvn Group, and yet provided the Regulator with no cooperation on its enquiries.
- b. Mr. Flinos caused Hayvn ADGM to provide false and misleading information to the Regulator and failed to provide full and accurate disclosure of its use of AC Holding's bank accounts in relation to Hayvn Group's business activities. Mr. Flinos individually, and Hayvn ADGM (for which he was SEO), repeatedly and emphatically:
 - i. 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
 - ii. informed the Regulator that Hayvn ADGM only had one (1) client relationship, and that client had never traded in its Hayvn ADGM account or otherwise on the Hayvn Group trading platform.
- c. Mr. Flinos opened additional AC Holding bank accounts in November 2022 that were then used to facilitate over USD 400 million of operational and client transactions associated with the Hayvn Group. This was after initial enquiries were made by the Regulator into the overall operation of the Hayvn Group through ADGM in August 2022. Mr. Flinos ensured that Hayvn ADGM did not make full and accurate disclosure of its use of AC Holding in relation to its business activities of the Hayvn Group.
- d. Mr. Flinos was aware that, without the use of AC Holding's bank accounts in the operations of Hayvn Cayman and the Hayvn Group, including Hayvn ADGM, the business would have been severely impacted and the contraventions identified in this Final Notice could have been mitigated much earlier.
- e. Mr. Flinos caused false documents to be created and provided to various banks, and to the Regulator, to conceal the extent of the unauthorised activities.

7.10. Having taken the above factors into account the Regulator considers that the aggravating factors outweigh the mitigating factors in this matter. Therefore, a 50% (USD 250,000) increase in the financial penalty amount determined at Step 2 is required.

7.11. Accordingly, the figure after Step 3 is USD 750,000.

Step 4: Adjustment for deterrence

- 7.12. Paragraph 8.6.9 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 individual that committed the contravention, or others, from committing further or similar contraventions, then the Regulator may increase the financial penalty. Paragraph 8.6.9 of GPM sets out the circumstances in which the Regulator may do this.
- 7.13. In this instance, the Regulator considers that the figure arrived at after Step 3 is sufficient for the purposes of deterring Mr. Flinos 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.
- 7.14. Accordingly, the figure after Step 4 is USD 750,000.

Step 5: Adjustment for cooperation/early settlement

- 7.15. Where the Regulator and the individual on which the financial penalty is to be imposed come to an agreement on the amount of the financial penalty, paragraph 8.6.10 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.
- 7.16. The Regulator and Mr. Flinos have not reached agreement on the relevant facts and matters relied on, alleged contraventions, or the amount of fine to be imposed. Therefore, no discount for cooperation or early settlement has been applied.

The level of the financial penalty

- 7.17. Given his conduct and the facts and matters set out above and all the circumstances, the Regulator has determined that it is proportionate and appropriate to impose on Mr. Flinos a financial penalty of USD 750,000.

The Prohibition Order

- 7.18. Given his conduct and the findings set out above, the Regulator considers that Mr. Flinos is not a fit and proper person to perform any function in relation to a Regulated Activity carried on by any Authorised Person in ADGM. The Regulator, therefore, has decided to prohibit him from performing any function in relation to any and all Regulated Activities in ADGM, pursuant to section 234 of the Regulations.
- 7.19. In determining whether to exercise its power under section 234 of the Regulations, the Regulator may have regard to all relevant matters including, but not limited to, its objectives in section 1(3) of the Regulations and the criteria for assessing the fitness and propriety of Approved Persons, as set out in sections 2.3 and 7.6 of GPM.

7.20. With reference to paragraph 2.3.6 of GPM, the Regulator considers the following factors to be of particular relevance in deciding to impose a Prohibition Order on Mr. Flinos:

“(a) the propriety of an individual's conduct whether or not such conduct may have resulted in the commission of a criminal offence, the contravention of a law or the institution of legal or disciplinary proceedings of whatever nature. Further, whether the

[...]

(g) whether an individual has been or is currently the subject of or has been concerned with the management of a Body Corporate which has been or is currently the subject of an investigation into an allegation of misconduct or malpractice;

[...]

(k) whether the individual has been a director, or concerned in the management of, a body corporate which has gone into liquidation or administration whilst that individual was connected with that body corporate or within one year of such a connection;”

7.21. In deciding to impose the Prohibition Order on Mr. Flinos, the Regulator considered:

- a. the nature and scope of the role Mr. Flinos performed in relation to AC Holding, Hayvn ADGM and Hayvn Cayman. Mr. Flinos was at all relevant times a UBO and Director of AC Holding, the SEO and a Licensed Director of Hayvn ADGM, and the CEO and a Director of Hayvn Cayman. Mr. Flinos directed and was personally involved in the conduct as described in this Final Notice. Mr. Flinos was also the directing will and controlling mind of the Hayvn Group, and of AC Holding and the driving force behind the relevant entities being used to commit contraventions over the Relevant Period;
- b. the materiality of the issues giving rise to concerns about Mr. Flinos' fitness and propriety and the extent to which his conduct indicates a lack of integrity. In this regard, Mr. Flinos provided false or misleading information to the Regulator and caused AC Holding to carry on unauthorised Regulated Activities in ADGM in circumstances which caused at least USD 450 million of unregulated transactions to be processed through ADGM; and
- c. the level of risk that Mr. Flinos currently poses, and may pose in the future, to regulated entities, customers and the integrity of ADGM, which the Regulator considers to be high. Given the scale of the misconduct, the Regulator considers it appropriate to take action to protect users, as well as to protect the reputation and integrity of the financial services industry in ADGM.

7.22. Taking all of the circumstances of this matter into consideration, the Regulator considers it necessary and appropriate to impose the Prohibition Order because:

- a. it believes on reasonable grounds that Mr. Flinos is not a fit and proper person to perform any functions in relation to any Regulated Activity carried on by an Authorised Person in ADGM; and
- b. it is necessary and proportionate to do so in support of the Regulator's objectives.

8. PROCEDURAL MATTERS

Payment of financial penalty

- 8.1. The financial penalty imposed by this Final Notice is to be paid by Mr. Flinos 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 Mr. Flinos.

Publicity

- 8.4. This Final Notice has now been given to Mr Flinos pursuant 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, Mr. Flinos 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