

IN THE MATTER OF A FOOTBALL ASSOCIATION
INDEPENDENT REGULATORY COMMISSION

BETWEEN:

THE FOOTBALL ASSOCIATION

and

MR PAOLO VERNAZZA

WRITTEN REASONS AND DECISION OF
THE INDEPENDENT REGULATORY COMMISSION FOLLOWING THE
HEARING
ON 2 DECEMBER 2016

Background

1. These are the written reasons for a decision made by an Independent Regulatory Commission which sat on 2 December 2016.
2. The Regulatory Commission members were Mr G Farrelly, Chairman, Mr P Fletcher and Dr M Clarke.
3. Mr P McCormack of the FA Judicial Services Department acted as Secretary to the Regulatory Commission.

Charge and Reply

4. By letter dated 10 November 2016, The Football Association (“The FA”) charged Mr Paolo Vernazza with misconduct in relation to two breaches of FA Rule E1 (b) relating to Intermediary Activity.
5. The first Charge alleged that Mr Vernazza sought to enter into a Representation Contract with a Minor without the ‘additional authorisation’ to deal with Minors contrary to Regulation 3.1 at Appendix II of the FA Regulations on Working with Intermediaries 2016-2017.
6. Regulation 3 states the Requirements relating to Minors. At 3.1 it states “*Prior to entering into a Representation Contract with a Minor or with a Club in respect of a Minor, an Intermediary must obtain for The Association additional authorisation to deal with Minors. This authorisation can be applied for by an Intermediary when registering with The Association in accordance with Appendix II or at any point after his Registration. This authorisation shall be valid for 3 years, subject to the Intermediary remaining registered in accordance with paragraph 1.1*”.
7. This Charge was aggravated due to the absence of the player’s parent/guardian countersignature on the ‘Representation Contract’, contrary to FA Intermediary Regulation B9. The Regulation states “*An Intermediary cannot enter into a Representation Contract with a Minor unless it is countersigned by the Minor’s parent or legal guardian with parental responsibility*”.
8. As at paragraph five, the second Charge alleged that Mr Vernazza sought to enter into a Representation Contract with another Minor without the ‘additional authorisation’ to deal with Minors contrary to Regulation 3.1 at Appendix II of the FA Regulations on Working with Intermediaries 2016-2017.
9. Mr Vernazza admitted the Charges on 17 November 2016 and requested the opportunity to attend a Regulatory Commission for a Personal Hearing.

Hearing

10. The following is a summary of the principal submissions provided to the Regulatory Commission. It does not purport to contain reference to all the points made, however the absence in these reasons of any particular point, or submission, should not imply that the Regulatory Commission did not take such point, or submission, into consideration when the members determined the matter. For the avoidance of doubt, the Regulatory Commission has carefully considered all the evidence and materials furnished with regard to this case.
11. Mr Vernazza was represented by Mr Fintan Drury, CEO of Platinum One Group. Mr Rory Kelly, a Management and Marketing Executive of Platinum One Group was also in attendance. Mr Yousif Elagab, Regulatory Advocate, represented The FA. Mr Arun Daniel-Selvaratnam, assisting the Judicial Services Department, attended as an observer.
12. Mr Elagab opened the case for The FA and led the Regulatory Commission through the main points. These had come to light during an FA audit when certain failures were identified. He explained that Platinum One were seeking to put these failures down to -
 - (1) A misunderstanding;
 - (2) An administrative error; and
 - (3) A failure of Mr Vernazza himself.
13. Mr Elagab stated that it was at all times the responsibility of the Intermediary to make sure that they had the correct authorities in place. Mr Vernazza had a clear understanding what was required. Mr Elagab acknowledged positive mitigation in relation to the Charges being admitted at the earliest opportunity. He also drew the Regulatory Commission's attention to the Witness Statement of Mr Rory Kelly. In relation to the points Mr Kelly raised about the Representation Contracts being lodged 'prematurely', this was of little relevance as Mr Vernazza had been conducting Intermediary Activity already. Mr Elagab, in fact considered this to be an aggravating factor and this was reflected in Mr Vernazza's awareness of this fact. This was further aggravated by the fact that the parent's signature did not appear on the Representation Contract.
14. Mr Drury presented his background and that of Platinum One. He offered compelling mitigation for Mr Vernazza and openly explained the circumstances behind the breaches and his reasoning for the current situation faced. Mr Drury considered this to be more of an administrative error than anything more sinister. He submitted that Platinum One seek to operate with integrity, honesty and character.
15. Mr Vernazza had admitted the Charges although this appears to have been the only option open to him based on the evidence. He had no previous record of similar Misconduct and had cooperated fully with the investigation.

16. The Regulatory Commission posed a number of questions that cut directly to the aggravated nature of these Charges. Mr Vernazza had initially applied to become a Registered Intermediary in or around October 2015. Registration is defined as *“completion of the process defined from time to time by The Association whereby a natural or legal person registers with the Association as an Intermediary”*. He stated that he had applied for his CRB, now Disclosure and Barring Service but this does not appear to have been pursued. He had previously worked as a consultant with Platinum One for four years.
17. In this application, he did not seek the additional authorisation required to work with Minors. Furthermore, in his most recent application of 21 June 2016, he did not seek this authorisation. In his letter of 26 August 2016, Mr Vernazza offered an explanation for this as *“the reason I did not apply to represent Minors when my Intermediary application was lodged was that I needed to get the primary registration lodged and getting clearance to work with Minors takes longer but we erred in then not prioritising this and I fully accept that this represents an error on our part”*.
18. This presented a number of issues for the Regulatory Commission. Mr Vernazza was aware at all times that he required this additional authorisation to work with Minors. He had not sought this authorisation yet conducted Intermediary activity with Minors. Not only that, but on each occasion he engaged with a Minor with a view to conducting regulated Intermediary activity or liaised with a parent or guardian, he was not in fact regulated to do so. This would appear to contradict the submissions put forward by Mr Drury as to how their business is conducted.
19. It is difficult to reconcile how this could be the case. As part of this business, it is clear that Mr Vernazza is no doubt seeking to continuously recruit new players. This will involve engaging with players and parents/guardians alike. This is a critical and difficult time for those who are new to the game and the challenges that go with this. Yet, it makes little sense that Mr Vernazza was actively seeking that Minors entered into Representation Contracts with him despite the fact that he was not authorised to do so.
20. This is twofold. One, Mr Vernazza was at all times aware this authorisation was required from a regulatory position and two, those he was engaging with would have been led to believe that he had the required authorisation.
21. This position is further aggravated by the lodging of the Representation Contract without the signature of the parent/guardian. This is an experienced Agency with Mr Kelly himself stating that in the last year he has drafted and lodged over forty agreements.
22. The Regulatory Commission recognises that Mr Vernazza occupies a position of influence and trust. He is and was at all times a Registered Intermediary. However, in working with Minors and their parents/guardians, there is an increased level of responsibility.

23. When conducting Intermediary activity with Minors and all that entails Mr Vernazza was at all times aware that he was not in fact authorised to do so. The Regulatory Commission are in no way seeking to call Mr Vernazza's character into question but consider this to be a serious breach of the Regulations and a breach of trust. This cannot simply be considered an administrative error and justified as such. It remained open to Mr Vernazza to address this issue at any point and apply for the additional authorisation but he failed to do so.
24. Mr Drury made reference to the grubby nature of the Agency world and the need for a higher level of regulation and administration. In fact, this matter was only brought to the attention of The FA through an audit of the respective dealings. Any serious breaches have to be dealt with accordingly to enforce the Regulations.
25. For completeness, the Regulatory Commission was provided with a breakdown of the financial transactions Mr Vernazza was involved in with Platinum One Sports Management for the period in question. This was provided by The FA Intermediaries Department, via Judicial Services. The parties were recalled to discuss Mr Vernazza's remuneration and fee split in relation to this.
26. Due to the serious nature of the breaches the Regulatory Commission were minded to impose a higher sanction but credit was given to the sum of a one-third reduction on both suspension and financial penalties for admittance to the charge and the mitigation put forward by Mr Drury.

Conclusion

27. The Regulatory Commission having carefully considered all the aggravating and mitigating factors have unanimously agreed to impose the following sanction on Mr Vernazza:
- (i) He is immediately suspended from all intermediary activity for the period of six (6) months, which runs up to and including 1st June 2017;
 - (ii) He is fined the sum of £2,500;
 - (iii) He is warned as to his future conduct; and
 - (iv) Ordered to pay costs of the Commission of £1,000.
28. This decision is subject to the relevant Appeal Regulations.

Mr G Farrelly, Chairman

Mr P Fletcher

Mr M Clarke

12 December 2016