

Annual report by the Money Laundering Reporting Officer (MLRO) for the year ended 5 April 2025

Background

- 1 It is estimated that in the region of £100 billion is laundered every year through the UK or through UK corporate structures and highlights the substantial scale of money laundering in the UK and the ongoing threat it poses.
- 2 Money laundering is the method used by criminals and their associates attempting to make criminally obtained funds or assets appear legitimate, and distance them from their illicit origins.
- 3 This enables criminals to profit from crimes as well as further their illegal activities which can have a detrimental impact on victims and wider society, as well as significantly impacting the legitimate economy. Disrupting criminals' ability to profit from their crimes, such as human trafficking, fraud, drug trafficking and tax evasion, and minimising opportunities for them to launder criminal proceeds remains a high priority for government and law enforcement agencies.
- 4 We take our responsibilities to detect, and report suspected money laundering and terrorist financing activity involving the legal sector incredibly seriously and have dedicated specialist resource in place to carry out this work.
- 5 Money Laundering Reporting Officers (MLROs) perform their duties in compliance with the Money Laundering Regulations 2017 (as amended), Proceeds of Crime Act 2002 and Terrorism Act 2000. The primary responsibility of an MLRO is to consider internal reports relating to suspicions of money laundering or terrorist financing and submit high quality and timely Suspicious Activity Reports (SARs) to the National Crime Agency (NCA) where appropriate.
- 6 While it is not a requirement for MLROs within anti-money laundering (AML) supervisors to deliver annual reports, this is something we have done since 2019 as recognised good practice and governance. This is in addition to the annual reporting obligations placed upon us by HM Treasury, and our anti-money laundering oversight body the Office for Professional Anti-Money Laundering Supervision (OPBAS).
- 7 This report, my seventh as our MLRO, provides an overview of mine and my team's work covering the year ending 5 April 2025 which runs in line with these other reporting requirements placed upon us by government.
- 8 It is delivered so that the Board remains informed on our work in this important area and demonstrates our ongoing commitment to discharge our legal obligations to help tackle financial crime and reduce harm.
- 9 This report outlines the suspected money laundering related activities we have seen and reported to the National Crime Agency (NCA) by way of Suspicious Activity Reports (SARs) as well drawing out any sector specific risks and key themes in those

reports.

- 10 It also provides an overview of the financial crime and internal reporting training we deliver to staff, internal and external engagement, as audits and any success outcomes during the period.

Discussion

Training

- 11 The development and delivery of relevant and timely training for colleagues across the organisation remains an ongoing priority work area. During this period I, alongside the Deputy MLRO have delivered Internal Suspicious Activity Report (iSAR) training to 201 colleagues in this reporting period.
- 12 The training is mandatory for all new staff and forms the foundation of their financial crime and internal reporting learning, as part our corporate induction programme. This 90 minute facilitated classroom session covers money laundering (ML) and terrorist financing (TF) offences, as well as information on financial sanctions. The training focuses on the legislation and our legal obligations, as well as spotting red flags and risks staff may encounter in their work. It also clearly explains and demonstrates the process for internally reporting any suspicions to the MLRO team.
- 13 This year I have also embedded a formal refresher training programme for all permanent staff. This requires mandatory attendance at iSAR training every 3 years to ensure knowledge is updated and awareness remains heightened across the organisation.
- 14 Our training materials have been continually reviewed and updated as required to help keep staff informed on the most up to date risks we are seeing in the legal profession. Additionally, we have continued to proactively seek and encourage feedback from staff to monitor the delivery of the training is being pitched at the right level with clear, understandable messages, that are accessible to all.
- 15 I have also continued to be involved in the delivery of our wider AML training programme, where I discuss and highlight the differences between regulatory breaches and our legal reporting obligations involving suspected criminal ML and TF offences. This training provides a further reminder to staff on the importance of internally escalating their suspicions to the MLRO.
- 16 In addition to this suite of formal classroom training, I, alongside the Deputy MLRO have delivered training presentations and briefings at team and directorate meetings across the organisation throughout the year. These sessions are tailored to the audience and support staff by refreshing knowledge, discussing current risks and trends, as well as socialising recent case studies to aid learning.
- 17 Proactive education events such as these, as well as the 'all staff Kitchen Briefing' sessions I ran during August, have proven to be effective methods to broaden understanding of what can be complex areas. They also provide an opportunity to

speak directly with staff to encouraging engagement, while also raising MLRO visibility in the organisation.

18 The outcomes from this work include:

- high levels of engagement with us by colleagues from operational and internally facing teams to discuss cases or seeking general advice
- colleagues following due process by flagging cases and raising internal SARs for me to consider our legal reporting obligations
- high-quality actionable reports escalated which resulted in SARs being submitted
- high levels of excellent feedback being received from staff attending training events

Internal referrals and records management

19 I continue to have effective and robust processes and controls in place to ensure MLRO awareness of any new investigations which may carry ML, TF, or financial sanctions related risks, as well as recording all independent and accountable decisions made by me or the Deputy MLRO.

20 The records management system operated within my team is configured in a way that supports management reporting as well as meeting the data collection needs of external stakeholders, such as OPBAS, HM Treasury and Home Office. The methods of data recording help us spot any new and emerging financial crime risks or patterns we are seeing, as well as being agile and easily adaptable. For example, since June 2024 information on whether our SARs relate to any rapidly growing firms is being recorded in response to this high profile area of work.

21 It remains important that staff escalate any matters of concern directly for MLRO consideration without any barriers or undue delays and we continue to have in place several effective reporting channels, so as MLRO I am sighted on these cases. These include:

- Internal Suspicious Activity Reports (iSARs) – formal escalation process
- Direct engagement with MLRO or Deputy MLRO by staff across all departments
- Reports received from external stakeholders (including law enforcement agencies, other AML Supervisors, or regulators)

22 In addition to the formal internal suspicious activity reports, 592 other matters were brought to my attention. These included colleagues and external stakeholders seeking technical advice and guidance as well as investigations being flagged due potential ML, TF or sanctions related risks. This means any cases assessed as posing a specific risk can be monitored to track any follow up investigations and may result in a SAR being made in the future.

23 Figures taken from the MLRO records show that, in the year to 5 April 2025, I received 32 Internal Suspicious Activity Reports (iSARs) to consider our reporting obligations under the Proceeds of Crime Act 2002.

24 As a result of these internal reports, I with the support of the Deputy MLRO, submitted

19 Suspicious Activity Reports (SARs) to the National Crime Agency (NCA). These money laundering related reports detail more than £148 million in suspect transactions and arrangements involving the legal profession.

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ML risks and themes

- 26 From those 19 SARs submitted by us the main ML red flags and risk areas are identified as:
- A. property conveyancing transactions (both residential and commercial)
 - B. funds from countries and or clients which pose a higher risk for money laundering including Politically Exposed Persons (PEP's)
 - C. funds linked to fraud – for example vendor fraud and dubious investments
 - D. transactions with no underlying legal work or legitimate explanation
 - E. conducting work outside of the firm's usual business activities
 - F. office accounts being used to facilitate suspect money movements
 - G. overly complex and opaque transactions
 - H. clients or third party funding not in keeping with income or documents produced
 - I. use of documents which are false or altered
 - J. failing to conduct appropriate due diligence and source of funds checks on clients and third parties.
- 27 This year our SARs continued to show property conveyancing as the predominant key theme presenting the highest money risk area for the legal profession, with 73% of our SARs featuring a property conveyancing instruction. Our reports outlined instances of suspicions linked to completed transactions as well as aborted or abandoned instructions. Some involved partial or no funds were exchanged, but the circumstances still triggered suspicions of facilitating or attempting to launder criminal proceeds.
- 28 In some instances, we identified and reported suspect transactions and behaviours involving fraud, as well as laundering the proceeds of fraud. For example, vendor frauds where properties are sold without the knowledge or consent of the true owners, with fraudsters or their associates receiving the illicit sale proceeds. Also, in a small number of cases, we identified suspect transactions taking place

through firm's office bank accounts with considerable sums (multimillion pounds worth of funds) being transacted in this manner. This account is generally used for the day to day running and expenditure of a firm, therefore, may potentially be perceived as a concealed and less obvious place for suspected illicit money movements to take place.

- 29 We saw no trust and company service (TCSP) type activity which is widely regarded as high risk for money laundering, or rapidly growing firms feature in our SARs during the period. However, it is notable that we did report suspect activity involving firms which operate outside the scope of the Money Laundering Regulations (MLR's), for example litigation and claim types of firms.
- 30 Firms not conducting any or sufficient due diligence and source of funding checks on their clients, or third parties, was a key theme in our SARs. Also, in some instances firms did not properly scrutinise the information they were in receipt of which should have triggered concerns about the legitimacy of the funds or instruction they were involved with.
- 31 Additionally, we have seen some instances of what appears to be infiltration type activity at firms which has featured our SARs. This involves groups or individuals acquiring, operating, or assuming a level of control at firms following which suspect transactions were identified.
- 32 The SARs we submitted during the year involved firms with a geographical spread across England, with over half located in London and the Southeast. Similarly, all size of firms featured in our SARs, with small firms (2-10 fee earners) and sole practitioners representing 60% of the firms reported.

Engagement and collaboration

- 33 Delivering a high-quality accessible service for colleagues in providing timely and accurate advice and guidance concerning ML, TF, and Sanctions remains a key priority for me and my team. Operating an open-door no barriers approach to create a culture of professional curiosity and engagement is an important aspect of our work and one we continually advocate and invest our resource in.
- 34 The levels of internal enquiries we continue to receive from colleagues across the organisation from operational and internally facing teams shows that staff are comfortable and confident in seeking our support to help meet their individual and the business needs.
- 35 To demonstrate our ongoing commitment in this area I, with the support of the Deputy MLRO have:
 - responded to 100% of internal customer enquiries within our KPI of 3 working days
 - promoted what we do and how we can support colleagues through the personal delivery of training sessions
 - attended team meetings throughout the year to deliver bespoke presentations and engage directly with staff

- contributed to directorate and wider organisational events hosted to engage with colleagues and members of the Board
- maintained an active presence on our staff Intranet site to discuss and highlight my work area, as well as contributing to wider discussions
- delivered in-person and online Kitchen Briefings on financial crime to support learning and MLRO visibility
- received positive feedback throughout the year on the timeliness and quality of the service we deliver, as well as our values and behaviours.

- 36 Engagement with external stakeholders also forms an important aspect of my responsibilities to support law enforcement and regulatory partners tackle financial crime, as well as encouraging collaboration and the sharing of intelligence.
- 37 During the year I have liaised with the NCA and various police forces across the country. This was as a result of high-quality, timely, and actionable SARs made by us which are now helping to inform investigations into crimes including, domestic and international drug trafficking, fraud, bribery and corruption, and money laundering.
- 38 Additionally, I have spoken at law enforcement training events to socialise ML and TF risks we see in our work, as well as taking part in a NCA podcast, which is publicly available, to contribute to a discussion on SARs and the legal profession. As well as presenting to our counterparts at Law Society Scotland and Law Society Northern Ireland to share good practice and discuss case studies.
- 39 There has also been regular attendance at multi-agency events such as the Intelligence Sharing Expert Working Group (ISEWG) meetings to engage with other legal sector supervisors as well as representative from law enforcement agencies and other government bodies.

Data & Risks

- 40 To support the organisation keep informed with the latest ML, TF, Sanctions and wider financial crime related risks we are seeing in our work I have:
- shared data during quarterly meetings with the Risk & Analysis Team to help inform the Risk Outlook and Horizon Scanning Programme
 - delivered MLRO updates at AML Steering Group meetings which take place every six weeks
 - incorporated the latest red flags and risks into all training and presentation materials
 - moved to delivering strategic updates reports on a six monthly basis
- 41 Throughout the year I have also contributed to larger pieces of work to provide insight and information to support our:
- Thematic Review on source of funds

- updates to our AML Sectoral Risk Assessment
- internal policy reviews as well as our Confidentiality Guidance for the legal profession
- information and intelligence gathering exercises concerning fraud, terrorist financing and Russian illicit finance typologies.

External Audit and assurance

- 42 Ensuring I and the Deputy MLRO are discharging our legal reporting obligations and submitting high-quality, timely and relevant SARs in line with the NCA's guidance is the highest priority area of our work.
- 43 External assurance and oversight exercises have been conducted on the MLRO function during the year. This was in the form of a planned full inspection by our AML oversight body OPBAS and included a quality review on a sample of SARs submitted by us.
- 44 Additionally, I proactively engaged with the NCA who also carried out a similar piece of work to quality assure a sample of our SAR submissions to provide any feedback and learning.
- 45 The overall feedback I have received is that we consistently submit high quality SARs with our reports assessed to be detailed, clear, and accessible, as well as demonstrating good practice.

Declaration

- 46 The MLRO is required to confirm whether there have been any restrictions or resistance to them undertaking their statutory duties and/or accessing relevant information and the senior management team.
- 47 As MLRO I give assurance that I have experienced no restrictions, blockers, or resistance in undertaking my duties, including the ability to make independent and accountable decisions. I have unfettered access to the senior management team, including members of the Executive Team and CEO, and have experienced continued full co-operation across the organisation.

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