

Clement Hughes & Co (Clement Hughes & Co)

4 Maes y Groes, Prestatyn , LL19 9DB

Recognised body

051556

[Fined Date: 20 March 2024](#)

Decision - Fined

Outcome: Fine

Outcome date: 20 March 2024

Published date: 22 March 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by SRA decision.

Decision details

Who does this disciplinary decision relate to?

Clement Hughes & Co (the firm) is a recognised body whose office is at 4 Maes y Groes, Prestatyn LL19 9DB.

Summary of Decision

The firm was fined £9,993.40 for failing to have in place relevant documentation to prevent activities relating to money laundering and terrorist financing as required by the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the MLRs 2017).

Facts of the misconduct

In early – mid 2022 the SRA's Anti-Money Laundering (AML) Proactive Team undertook a review of the firm's AML compliance. This identified various areas of concern surrounding the firm's compliance with the requirements for: a Firm Wide Risk Assessment (FWRA); Policies, Controls



and Procedures (PCPs); and Client Matter Risk Assessments (CMRA). These concerns led to a referral to the SRA's AML investigation team.

The MLRs required the firm to have documented and compliant AML arrangements. However, the firm did not have a documented and compliant FWRA until 16 April 2020. The firm did not have fully compliant PCPs until December 2022. Four files sampled by the SRA also did not contain CMRAs as at April 2022. The firm started to assess client/matter risk on matters from April 2022.

Allegation 1

It was found that:

- a. The firm did not have a FWRA in place, as required by Regulation 18 of the MLRs 2017, from 26 June 2017 to 15 April 2020.
- b. The firm failed to put fully compliant PCPs in place, as required by Regulation 19 of the MLRs 2017, between 26 June 2017 and December 2022.

In doing so, to the extent that the conduct took place before 25 November 2019, the firm has:

- I. breached Principles 6 and 8 of the SRA Principles 2011, and
- II. failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011

and to the extent the conduct took place after 25 November 2019

- iii. breached Principle 2 of the SRA Principles 2019, and
- iv. breached Paragraph 2.1(a) and Paragraph 3.1 of the SRA Code of Conduct for Firms (2019).

Allegation 2

It was found that the firm failed to have CMRAs, as required by Regulations 28(12) and 28(13) of the MLRs 2017, in place between 26 June 2017 and 26 April 2022.

In doing so, to the extent that the conduct took place before 25 November 2019, the firm has:

- i. breached Principles 6 and 8 of the SRA Principles 2011, and
- ii. failed to achieve Outcome 7.2 of the SRA Code of Conduct 2011

and to the extent the conduct took place after 25 November 2019

- iii. breached Principle 2 of the SRA Principles 2019, and
- iv. breached Paragraph 2.1(a) and Paragraph 3.1 of the SRA Code of Conduct for Firms (2019).



Decision on sanction

The firm was directed to pay a financial penalty of £9,993.40 and ordered to pay costs of £1,350.

This was because the firm's conduct was serious by reference to the following factors in the SRA Enforcement Strategy:

1. Its conduct was a breach of its regulatory obligations which persisted for longer than was reasonable. It demonstrated a pattern of non-compliance.
2. The firm failed to have proper regard to the SRA's guidance and warning notices which explained what was required, the risks that failure to comply with AML requirements posed, and the regulatory consequences of failing to comply.
3. The firm was responsible for its own conduct which was serious and had the potential to cause harm to the public interest and to public confidence in the legal profession.

In view of the above, the firm's conduct was placed in conduct band C which has a financial penalty of 1.6% to 3.2% of annual domestic turnover. In light of these factors, the firm's conduct was placed in the mid-range of this band at C3 (2.4% of annual domestic turnover).

The following mitigating factors were considered:

1. There was no evidence that actual harm had materialised;
2. The firm co-operated with the SRA;
3. The firm made some admissions; and
4. The firm has taken remedial action.

SRA Principles 2011

Principle 6 You must behave in a way that maintains the trust the public places in you and in the provision of legal services

Principle 8 You must run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial and risk management principles

SRA Code of Conduct 2011

Outcome 7.2 You have effective systems and controls in place to achieve and comply with all the Principles, rules and outcomes and other requirements of the Handbook, where applicable

Outcome 7.5 You comply with legislation applicable to your business, including anti-money laundering and data protection legislation

SRA Principles 2019

Principle 2 You act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.

SRA Code of Conduct for Firms (2019)

Paragraph 2.1(a) You have effective governance structures, arrangements, systems and controls in place that ensure you comply with all the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements, which apply to you.

Paragraph 3.1 You keep up to date with and follow the law and regulation governing the way you work.

[Search again \[https://www.sra.org.uk/consumers/solicitor-check/\]](https://www.sra.org.uk/consumers/solicitor-check/)