



## **Raegal Limited**

**Office 12, 203-205 The Vale, London , W3 7QS**

**Recognised body**

**639011**

**[Fined Date: 23 April 2024](#)**

### **Decision - Fined**

Outcome: Fine

Outcome date: 23 April 2024

Published date: 23 May 2024

### **Firm details**

#### **Firm or organisation at date of publication**

Name: Raegal Limited

Address(es): Office 12, 203-205 The Vale, London, W3 7QS

Firm ID: 639011

### **Outcome details**

This outcome was reached by SRA decision.

#### **Decision details**

#### **Who does this disciplinary decision relate to?**

Raegal Limited is a recognised body, whose offices are at Office 12, 203-205 The Vale, London, W3 7QS (the firm).

#### **Short summary of decision**

We have fined the firm £1,520 (an amount equivalent to 2.4% of its gross annual domestic turnover for the last financial year) and £1,350 costs for:

- failing to prevent its client account from being used as a banking facility and
- failing to comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs 2017).



## **Facts of the misconduct**

In April 2023, the SRA commenced a forensic investigation into the firm. On 16 January 2024, a forensic investigation officer prepared a report which identified concerns surrounding the use of the firm's client account and the firm's compliance with the MLRs 2017.

It was found that:

### **Allegation One**

Between 1 March 2023 and 21 April 2023, the firm allowed and/or failed to prevent its client account from being used to provide a banking facility for matters other than payments, transfers, or withdrawals in respect of the delivery of regulated services.

In doing so, the firm breached:

- Rule 3.3 of the SRA Accounts Rules 2019
- Paragraph 2.3 of the SRA Code of Conduct for Firms 2019 and
- Principle 2 of the SRA Principles 2019

### **Allegations Two, Three and Four**

Between 30 June 2017 and 28 February 2024, the firm failed to have in place an appropriate firm wide risk assessment (FWRA) that identified and assessed the risks of money laundering to which its business was subject taking into account all risk factors pursuant to Regulation 18(2) of the MLRs 2017.

Since 30 June 2017, the firm failed to establish and maintain fully compliant policies, controls, and procedures (PCPs) to mitigate and effectively manage the risks of money laundering and terrorist financing, identified in any risk assessment (FWRA), pursuant to Regulation 19(1)(a) of the MLRs 2017, and regularly review and update them pursuant to Regulation 19(1)(b) of the MLRs 2017.

Between 30 June 2017 and 6 March 2024, the firm failed to have in place a process to sufficiently assess the level of risk, as required by Regulation 28(12)(a)(ii) and Regulation 28(13) of the MLRs 2017. The firm was unable to demonstrate that the extent of the measures it had taken to satisfy the requirements of Regulation 28 were appropriate, as required by Regulation 28(16) of the MLRs 2017.

In respect of allegations two, three and four, to the extent the conduct took place between 30 June 2017 and 24 November 2019 the firm breached:

- Outcomes 7.2 and 7.5 of the SRA Code of Conduct 2011, and

- Principles 6 and 8 of the SRA Principles 2011

To the extent the conduct took place from 25 November 2019 onwards, the firm breached:

- Paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms 2019, and
- Principle 2 of the SRA Principles 2019

#### **Decision on sanction**

The firm was directed to pay a financial penalty of £1,520 and ordered to pay costs of £1,350.

It was decided that a financial penalty was an appropriate and proportionate sanction.

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.
2. For a significant period of time 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.

The firm's conduct was placed in the mid-range of this band at C3 (2.4% of annual domestic turnover) given:

- a. Aggravating factors
  - The firm's conduct was serious, and the breaches persisted for longer than necessary. The firm had made considerable improvements to its AML policies but was still not fully compliant.
  - The firm had allowed its client account to be used as a banking facility for a short period of time.
- b. Mitigating factors
  - The firm had taken steps to remedy the harm.
  - There was no evidence that actual harm had materialised.
  - The firm had made admissions to the SRA about its conduct and had co-operated with the investigation.

**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 Accounts Rules 2019**

Rule 3.3 You must not use a client account to provide banking facilities to clients or third parties. Payments into, and transfers or withdrawals from a client account must be in respect of the delivery by you of regulated services.

**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 2.3 You remain accountable for compliance with the SRA's regulatory arrangements where your work is carried out through others, including our managers and those you employ or contract with.

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

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