Solicitors Regulation Authority

The Oakley Shee Partnership
3rd Floor, 70 Gracechurch Street, London , EC3V 0HR
Recognised body
074774

Agreement Date: 6 December 2024

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 6 December 2024

Published date: 18 December 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 The Oakley Shee Partnership (the Firm), a recognised body, authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

a. The Oakley Shee Partnership will pay a financial penalty in the sum of £2,734, under Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedure Rules,
b. to the publication of this agreement, under Rule 9.2 of the SRA Regulatory and Disciplinary Rules; and
c. The Oakley Shee Partnership will pay the costs of the investigation of £600, under Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Rules.

2. Summary of Facts

2.1 We carried out an investigation into the firm following a desk-based review by our AML Proactive Supervision Team.

2.2 Our inspection identified areas of concern in relation to the firm's compliance with the Money Laundering, Terrorist Financing (Information on the Payer) Regulations 2017 (MLRs 2017), the SRA Principles 2011, the SRA Code of Conduct 2011, the SRA Principles 2019 and the SRA Code of Conduct for Firms 2019.

Firm-Wide Risk Assessment

2.3 The firm failed to have in place a documented assessment of the risks of money laundering and terrorist financing, to which its business was subject (a firm-wide risk assessment (FWRA)), pursuant to Regulation 18(1) and 18(4) of the MLRs 2017 between 26 June 2017 and April 2024.

2.4 On 14 May 2024 the firm provided an updated FWRA and this is now compliant.

Client and Matter Risk Assessments (CMRAs)

2.5 On three of six matters reviewed, the firm failed to conduct client and matter risk assessments, as required by Regulations 28(12)(a)(ii) and 28(13) of the MLRs 2017.

2.6 All firms within scope of the MLRs 2017 are required to have proper procedures in place to meet the requirements of Regulation 28. The regulations play an important role in managing the risk of the firm facilitating money laundering, both in terms of identifying and assessing risk and checking sources of funds.

3. Admissions

3.1 The firm admits, and the SRA accepts, that by failing to comply with the MLRs 2017, it has breached:

To the extent the conduct took place before 25 November 2019 (when the SRA Handbook 2011 was in force):

a. Principle 6 of the SRA Principles 2011 – which states you must behave in a way that maintains the trust the public places in you and in the provision of legal services.
b. Principle 8 of the SRA Principles 2011 – which states you must run in your business or carry out your role in the business effectively and in accordance with proper governance and sound financial risk management principles.

And the firm failed to achieve:

c. Outcome 7.2 of the SRA Code of Conduct 2011 – which states 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.

d. Outcome 7.5 of the SRA Code of Conduct 2011 – which states you comply with legislation applicable to your business, including anti-money laundering and data protection legislation.

And from 25 November 2019 (when the SRA Standards and Regulations came into force) until April 2024, the firm breached:

e. Principle 2 of the SRA Principles 2019 – which states you act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.
f. Paragraph 2.1(a) of the SRA Code of Conduct for Firms 2019 – which states 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.
g. Paragraph 3.1 of the SRA Code of Conduct for Firms 2019 – which states that you keep up to date with and follow the law and regulation governing the way you work.

4. Why a fine is an appropriate outcome

4.1 The conduct showed a disregard for statutory and regulatory obligations and had the potential to cause harm, by facilitating dubious transactions that could have led to money laundering (and/or terrorist financing). This could have been avoided had the firm established adequate AML controls.

4.2 It was incumbent on the firm to meet the requirements set out in the MLRs 2017 and the firm failed to do so.

4.3 The public would expect a firm of solicitors to comply with its legal and regulatory requirements obligations, to protect against these risks as a bare minimum.

4.4 The SRA considers that a fine is the appropriate outcome because:

a. The agreed outcome is a proportionate and in the public interest because it creates a credible deterrent. The issuing of such sanctions signifies the risk to the public, and the legal sector, that arises when solicitors do not comply with anti-money laundering legislation and their professional regulatory obligations.
b. We have not established, during the course of our investigation, evidence of harm to consumers or third parties and our view is that the risk of repetition is low.
c. The firm has assisted the SRA throughout the investigation and has shown remorse for its actions.
d. The firm did not financially benefit from the misconduct.

4.5 Rule 4.1 of the Regulatory and Disciplinary Procedure Rules states that a financial penalty may be appropriate to maintain professional standards and uphold public confidence in the solicitor's profession and in legal services provided by authorised persons. There is nothing within this Agreement which conflicts with Rule 4.1 of the Regulatory and Disciplinary Rules and on that basis, a financial penalty is deemed appropriate.

5. Amount of the fine

5.1 The amount of the fine has been calculated in line with the SRA's published guidance on its approach to setting an appropriate financial penalty (the Guidance).

5.2 Having regard to the Guidance, we and the firm agree that the nature of the misconduct was more serious (score of three). This is because although there was no direct loss to clients, the firm’s failure to ensure it had proper documentation in place, for at least seven years since the MLRs 2017 came into force, put it at greater risk of being used to launder money, particularly when acting in conveyancing transactions which forms the majority work area for the firm. The nature of conveyancing is considered high risk, owing to the risk of abuse of the system by criminals. This left the firm at risk of being used to launder money and in turn increased the risk of harm.

5.3 The harm or risk of harm is assessed as being medium (score of four) because the firm failed to ensure it had a fully compliant FWRA and CMRAs in place since 26 June 2017 in breach of Regulations 18 and 28 of the MLRs 2017.

5.4 The nature and impact scores add up to seven and this places the penalty in Band 'C', as directed by the Guidance, which indicates a broad penalty bracket of between 1.6% and 3.2% of the firm’s annual domestic turnover.

5.5 We and the firm agree the financial penalty to be at the lower end of the band.

5.6 Based on the firm's annual domestic turnover, the fine results in a basic penalty of £3,216.

5.7 We have also considered mitigating factors and consider that the basic penalty should be discounted by 15%. This is to take account of the following factors as indicated by the Guidance:

a. Remedying harm - the firm took urgent steps to rectify the non-compliant documents and is now compliant with the MLRs 2017.
b. Cooperating with the investigation - the firm has cooperated with the SRA's AML Proactive Supervision and AML Investigations teams.

5.8 The adjusted penalty is therefore £2,734.

5.9 The firm does not appear to have made any financial gain or received any other benefit as a result of its conduct. Therefore, no adjustment is necessary, and the financial penalty is £2,734.

6. Publication

6.1 Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules state that any decision under Rule 3.1 or 3.2, including a Financial Penalty, shall be published unless the particular circumstances outweigh the public interest in publication.

6.2 The SRA considers it appropriate that this agreement is published as there are no circumstances that outweigh the public interest in publication, and it is in the interest of transparency in the regulatory and disciplinary process.

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