

## **Grayfield Solicitors Limited (Grayfield Solicitors)**

**148 High Road, Romford , RM6 6NT**

**Recognised body**

**660383**

**Fined Date: 25 March 2024**

### **Decision - Fined**

Outcome: Fine

Outcome date: 25 March 2024

Published date: 26 April 2024

### **Firm details**

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

Name: Grayfield Solicitors Limited

Address(es): 148 High Road, Romford, RM6 6NT

Firm ID: 660383

### **Outcome details**

This outcome was reached by SRA decision.

#### **Decision details**

Who does this disciplinary decision relate to?

Grayfield Solicitors Limited (the firm), is a recognised body whose offices are at 148 High Road, Romford, RM6 6NT.

#### **Summary of Decision**

The firm was fined £6,663 for:

1. Failing to consistently have in place a compliant firm wide risk assessment, and/or proper policies controls and procedures 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).



2. Failing to obtain accountants reports in line with its regulatory obligations to do so.
3. Failing to investigate and correct issues on its client account reconciliations.

#### **Reasons/basis**

#### **Facts of the misconduct**

The SRA commissioned a forensic investigation into the firm in January 2023. The investigation identified a number of issues with the firm's AML policies, as well as a failure to obtain two accountant's reports at the end of the financial years 2021 and 2022. The forensic investigation also identified issues with the firm's regular client account reconciliations.

It was found that:

#### **Allegation One (a)**

Between 26 June 2017 and April 2019, the firm failed to have in place an adequate firm-wide risk assessment (FWRA) pursuant to Regulation 18 of the MLRs 2017. In doing so, it breached Principles 6, 7 and 8 of the SRA Principles 2011 and Outcome 7.5 of the SRA Code of Conduct 2011.

#### **Allegation One (b)**

Between March 2021 and January 2024, the firm failed to have in place an adequate FWRA pursuant to Regulation 18 of the MLRs 2017. In doing so, it breached Principle 2 of the SRA Principles 2019 and paragraph 2.1(a) of the SRA Code of Conduct for Firms 2019.

#### **Allegation Two (a)**

Between 26 June 2017 and April 2019, the firm failed to establish and maintain policies, controls and procedures (PCPs) which met the requirements of Regulation 19 of the MLRs 2017. In doing so, it breached Principles 6, 7 and 8 of the SRA Principles 2011 and Outcome 7.5 of the SRA Code of Conduct 2011.

#### **Allegation Two (b)**

Between January 2020 and January 2024, the firm failed to establish and maintain PCPs which met the requirements of Regulation 19 of the MLRs 2017. In doing so, it breached Principle 2 of the SRA Principles 2019 and paragraph 2.1(a) of the SRA Code of Conduct for Firms 2019.

#### **Allegation Three**

For the accounting periods ending 31 July 2021 and 31 July 2022, the firm failed to obtain accountant's reports for those accounting periods



within six months. In doing so, it breached Rule 12.1(a) of the SRA Accounts Rules 2019, Principle 2 of the SRA Principles 2019 and paragraph 2.1(a) of the SRA Code of Conduct for Firms 2019.

#### **Allegation Four**

Between September 2021 and November 2022, the firm failed to investigate and resolve any differences shown by its client account reconciliation. In doing so, it breached Rule 8.3 of the SRA Accounts Rules 2019, Principle 2 of the SRA Principles 2019 and paragraph 2.1(a) of the SRA Code of Conduct for Firms 2019.

#### **Other information**

#### **Decision on sanction**

The firm was directed to pay a financial penalty of £6,663 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. The findings relate to breaches of the MLRs 2017, which protect the public from the serious consequences of money laundering, and improper withdrawals of client money.
2. The findings also related to the management of the client account, which was sacrosanct.
3. Its conduct was a breach of its regulatory obligations which persisted for longer than was reasonable.
4. 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 lower range of this band at C1 (1.6% of annual domestic turnover).

In placing the conduct at the lower end of the band, the following mitigating factors were considered:

1. The firm's FWRA and PCPs had been compliant between April 2019 and 2020/2021.
2. The breaches had been partially remedied. The firm had updated its policies, obtained accountants reports and was working on the issues on its accounts reconciliations.
3. The firm had shown some insight and made admissions.

**SRA Standards and Regulations breached**



## 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 7

You must comply with your legal and regulatory obligations and deal with your regulators and ombudsmen in an open, timely and co-operative manner.

### 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 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 2011

### Outcome 7.5

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

## 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.

## SRA Accounts Rules 2019

### Rule 8.3

You complete at least every five weeks, for all client accounts held or operated by you, a reconciliation of the bank or building society statement balance with the cash book balance and the client ledger total, a record of which must be signed off by the COFA or a manager of the firm. You should promptly investigate and resolve any differences shown by the reconciliation.

## Rule 12.1(a)

If you have, at any time during an accounting period, held or received client money, or operated a joint account or a client's own account as signatory, you must obtain an accountant's report for that accounting period within six months of the end of the period.

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