

Gorvins LLP (Gorvins Solicitors)

Dale House, Tiviot Dale, Stockport,
South Manchester , SK1 1TA

Licenced body
801186

Agreement Date: 21 November 2022

Decision - Agreement

Outcome: Regulatory issue agreement

Outcome date: 21 November 2022

Published date: 23 November 2022

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome and Undertakings

1.1 Gorvins LLP, a licensed body, authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

- a. Gorvins LLP will pay a financial penalty in the sum £1,000, pursuant to Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedure Rules
- b. to the publication of this agreement, pursuant to Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules
- c. Gorvins LLP will pay the costs of the investigation of £600, pursuant to Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Procedure Rules.

Reasons/basis

2. Summary of Facts

2.1 We carried out an investigation into Gorvins LLP, formerly Gorvins Solicitors, following a referral from our AML Proactive Supervision team,

who conducted a desk-based review into the firm's AML compliance.

2.2 The investigation identified areas of concern in relation to compliance with Money Laundering, Terrorist Financing and Transfer of Funds (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.

2.3 The firm did not have in place a compliant AML practice-wide (firm-wide) risk assessment, as required by Regulation 18 of the MLRs 2017, until 20 August 2020 and therefore failed to have sufficient regard for the SRA's warning notice (first issued on 7 May 2019) on the same.

2.4 The firm also incorrectly made a declaration to us, on 4 March 2020, that its risk assessment was compliant, in line with the requirements of Regulation 18 and in line with relevant guidance.

3. Admissions

3.1 Gorvins LLP admits, and the SRA accepts, that by failing to comply with money laundering legislation, the firm has: SRA Handbook from 6 October 2011 to 25 November 2019 (when the SRA Handbook 2011 was in force)

- i. failed to behave in a way that maintains the trust the public places in the firm and in the provision of legal services, in breach of Principle 6 of the SRA Principles 2011.
- ii. failed to carry out the business effectively and in accordance with proper governance and sound financial and risk management principles, in breach of Principle 8 of the SRA Principles 2011.
- iii. failed to achieve 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.
- iv. failed to achieve Outcome 7.3 of the SRA Code of Conduct 2011, which states that you identify, monitor and manage risks to compliance with all the Principles, rules and outcomes and other requirements of the Handbook, where applicable.
- v. failed to achieve 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.

From 25 November 2019 (when the SRA Standards and Regulations came into force) until 20 August 2020 when the firm became compliant:



- vi. failed to act in a way that upholds public trust and confidence in the solicitors profession and in legal services provided by authorised persons, in breach of Principle 2 of the SRA Principles 2019.
- vii. failed to achieve Code of Conduct for Firms 2.1 Compliance and business systems which states you have effective governance structures, arrangements, systems and controls in place that ensure:
 - a. you comply with all the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements, which apply to you.
- viii. failed to achieve Code of Conduct for Firms 3.1 Cooperation and accountability which states you keep up to date with and follow the law and regulation governing the way you work.

4. Why the agreed outcome is appropriate

4.1 The conduct showed a disregard for statutory and regulatory obligations and had the potential to cause harm, by facilitating transactions that could have led to money laundering (and/or terrorist financing).

This could have been avoided had the firm (and its predecessor Gorvins Solicitors) established an adequate practice-wide (firm-wide) risk assessment prior to 20 August 2020. Especially, considering that over half of the firm's fee income was from conveyancing, which is 'in-scope' of the MLRs 2017 (Regulation 12(1)(a)) and a high-risk area of work, as highlighted by the Government's National Risk Assessment and our Sectoral Risk Assessment, and:

- a. the agreed outcome is a proportionate outcome in the public interest because it creates a credible deterrent to others and the issuing of such a sanction 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 rules.
- b. there has been no evidence of harm to consumers or third parties.
- c. the firm did not financially benefit from the misconduct.
- d. the firm recognises that it failed in its basic duties regarding statutory money laundering regulations and regulatory compliance, as identified during our inspection and subsequent investigation.
- e. the firm has assisted us throughout the investigation, admitted the breaches and has shown remorse for its

actions and remedied the breaches.

- f. the firm has continued to regularly update practice-wide (firm-wide) risk assessment, since 20 August 2020, as well as its AML policies, controls and procedures, and shown a commitment to AML compliance moving forward.

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

4.3 In deciding the level of the financial penalty reference is made to the guidance on The SRA's Approach to Financial Penalties. Following the three-step fining process, the SRA has determined the following:

- a. the nature of the misconduct was low/medium because there was a failure on the part of the firm to comply with statutory obligations, as imposed by statutory money laundering regulations, and a failure to comply with the SRA's rules that were in force at the time. The Guidance gives this level of impact a score of one.
- b. We consider that the impact of the misconduct was medium because there was a failure to have in place a compliant practice-wide risk assessment, as obliged by statutory legislation, and the firm made an incorrect declaration to us, in regard to its practice-wide risk assessment. The Guidance gives this level of impact a score of four.

The associated 'Conduct band' is "B", owing to the total score of 5 (1+4) from sub-paragraphs above, giving a penalty bracket of £1,001 to £5,000.

4.4 However, in deciding the level of fine within this bracket, we have considered the mitigation which Gorvins LLP has put forward. We consider that on the basis of the mitigation offered, the remedy of the breach, the prompt admissions and the continuing compliance moving forward, that a basic penalty of £1,500 be discounted by one third (33%), such that a financial penalty of £1,000, is appropriate.

5. Publication

5.1 Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules states 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.

5.2 We consider it appropriate that this agreement is published, as there are no circumstances that outweigh the public interest in publication and in the interests of transparency in the regulatory and disciplinary process to do so.

6. Acting in a way which is inconsistent with this agreement

6.1 Gorvins LLP agree that it will not act in any way which is inconsistent with this agreement, such as by denying responsibility for the conduct referred to above. That may result in a further disciplinary sanction. Acting in a way which is inconsistent with this agreement may also constitute a separate breach of Principles 1, 2 and 5 of the SRA Principles contained within the SRA Standards and Regulations 2019 (such SRA Principles having been in force since 25 November 2019).

7. Costs

7.1 Gorvins LLP agree to pay the costs of the SRA's investigation in the sum of £600. Such costs are due within 28 days of a statement of costs due being issued by the SRA.

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