Russells
119-121 Station Road, London , E4 6BN
Recognised sole practitioner
54717

Agreement Date: 9 June 2025

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 9 June 2025

Published date: 25 June 2025

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Russells (the Firm), a recognised sole practice, authorised and regulated by the Solicitors Regulation Authority (SRA) agrees to the following outcome to the investigation:

a. it is fined £9,656
b. to the publication of this agreement
c. it will pay the costs of the investigation of £600.

2. Summary of Facts

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

2.2 Our review 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.

2.3 The DBR identified concerns surrounding the firm's firm-wide risk assessment, policies, controls and procedures, client and matter risk assessments, customer due diligence, source of funds checks on files and lack of checks on politically exposed persons, including sanctions checks. We have limited the allegations to the following breaches:

Firm-Wide Risk Assessment (FWRA)

2.4 Between 26 June 2017 and 9 December 2022, 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 Regulations 18(1) and 18(4) of the MLRs 2017. Policies, Controls and Procedures (PCPs)

2.5 Between 26 June 2017 and 14 February 2025, 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.

3. Admissions

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

To the extent the conduct took place before 24 November 2019, it breached:

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 provisions 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.

To the extent the conduct took place from 25 November 2019 onwards, it 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 conducted appropriate risk assessments on its clients and files on in-scope matters.

4.2 It was incumbent on the firm to meet the requirements set out in the MLRs 2017. The firm failed to do so. The public would expect a firm of solicitors to comply with its legal and regulatory obligations, to protect against these risks as a bare minimum.

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

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 and there is a low risk of repetition.
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.

4.4 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 solicitors' 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 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, the SRA, we and the firm agree the nature of conduct in this matter as more serious (score of three). This is because the firm should have been aware of its obligation to have in place a FWRA since June 2017. In addition, the majority of the firm's work falls within scope of the MLRs 2017. Therefore, the firm should have been familiar with the obligations imposed by the regulations and should have implemented strict adherence. Even though the firm has breached the regulations by not putting in place a FWRA until much later, it should have been prompted to do so when it submitted its declaration in June 2020.

5.3 The AML Investigation Officer (IO) considered including the breaches as identified in paragraph 2.3 above, as additional allegations against the firm. However, the IO considers it fair and proportionate to include these as aggravating factors only. Nevertheless, the firm's conduct has continued after it was and should have been known to be improper and formed a pattern of behaviour.

5.4 The firm has been carrying out a high percentage of high-risk conveyancing historically, but it has failed to have in place compliant PCPs for a period of over seven years. This is a serious breach too.

5.5 All firms and recognised sole practices which provide regulated legal services, must be authorised and regulated by the SRA, and in compliance with the regulations including published guidance and warning notices. There is no exception to this, and the firm failed to do this.

5.6 The firm has failed to meet the requirements of the regulations for many years. Although, the firm now has compliant documents in place, which are in proper use, the firm was left vulnerable for a significant period and this amounts to a serious breach.

5.7 The impact of harm or risk of harm score is assessed as being medium (score of four). This is because although there is no evidence of any harm being caused, as a result of the firm not having a FWRA (until December 2022) and compliant PCPs (until February 2025). Although these documents were not compliant until our DBR, given the nature of its work and the large percentage of in-scope work carried out, this suggests there was a potential to cause moderate impact by this conduct.

5.8 The ‘nature' of the conduct and the ‘impact of harm or risk of harm' added together give a score of seven. 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.

5.9 Based on the evidence the firm has provided of its annual domestic turnover; this results in a basic penalty of £11,360.

5.10 The SRA considers that the basic penalty should be reduced to £9,656. This reflection reflects the firm's transparency and cooperation with the AML Proactive Supervision team and AML Investigations team, along with admitting and remedying the breaches.

5.11 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 £9,656.

6. Publication

6.1 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.

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.

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

7.1 The firm agrees 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. This may result in a further disciplinary sanction.

7.2 Acting in a way which is inconsistent with this agreement may also constitute a separate breach of principles 2 and 5 of the Principles and paragraph 3.2 of the Code of Conduct for Firms.

8. Costs

8.1 The firm agrees 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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