

Tedstone George & Tedstone Solicitors
Crown Bridge, Penkridge, Stafford , ST19 5AA
Recognised body
514057

Fined Date: 18 September 2024

Decision - Fined

Outcome: Fine

Outcome date: 18 September 2024

Published date: 22 October 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by SRA decision.

Decision details

Who does this disciplinary decision relate to?

Tedstone George & Tedstone Solicitors (the firm), a recognised body with offices at Crown Bridge, Penkridge, Stafford ST19 5AA.

Short summary of decision

The firm was fined for failing to comply with due diligence requirements under Regulation 7(3)(a) of the Money Laundering Regulations 2007 and Regulation 28(12)(a)(ii) and Regulation 28(13) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the MLRs).

Facts of the misconduct

In June and July 2023, the SRA's Anti-Money Laundering (AML) Proactive Supervision Team reviewed eleven client files as part of an inspection at the firm. In August 2023, the firm was put on notice that there were no client and matter risk assessments (CMRAs) identified on any of the eleven client files.



The firm was directed to implement a compliance plan for risk assessments and to review its open matters to ensure CMRAs were completed.

In February 2024 the firm confirmed that it had completed a review of all its active files and ensured CMRAs were completed and recorded. It stated that risk assessments had been carried out previously on an informal basis and accepted that these had not been properly documented. Appropriate AML policies and procedures had however now been implemented and would be adhered to on every new instruction.

It was found that:

Allegation 1(a)

Between 6 October 2011 and 25 June 2017 the firm failed to determine the extent of customer due diligence measures on a risk-sensitive basis as required by Regulation 7(3)(a) of the Money Laundering Regulations 2007.

Therefore, it was unable to demonstrate it had taken appropriate measures, as required by Regulation 7(3)(b) of the Money Laundering Regulations 2007.

Allegation 1(b)

Between 26 June 2017 and 17 July 2023, the firm failed to have in place a process to assess the level of risk, as required by Regulation 28(12)(a) (ii) and Regulation 28(13) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

Therefore, it 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 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

In doing so, to the extent the conduct took place between 11 October 2011 and 24 November 2019, the firm:

- i. breached Principles 6 and 8 of the SRA Principles 2011
- ii. failed to achieve Outcomes 7.2 and 7.5 of the SRA Code of Conduct 2011

and to the extent the conduct took place from 25 November 2019, the firm breached:

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



Decision on sanction

The firm was directed to pay a financial penalty of £13,030 and ordered to pay costs of £1,350.

It was decided that a financial penalty was an appropriate and proportionate sanction by reference to the following factors in the SRA Enforcement Strategy:

- The firm's failure to ensure it had compliant client/matter risk assessments in place was a long-standing and serious breach of its AML regulatory obligations which persisted for longer than was reasonable. None of its active files contained CMRAs.
- The SRA provided widely publicised guidance about the obligation for in-scope firms to comply with the MLRs and to have the necessary documentation in place. It is not sufficient to say that assessments were being carried out but not documented. Although the firm took steps to become fully compliant, this was only after the involvement of the SRA.
- The firm had direct responsibility for its own compliance. It had a statutory obligation to have appropriate due diligence measures in place, including completed CMRAs in each case, and be able to demonstrate to the supervisory authority the extent of these measures in light of the risks identified. It failed to ensure that these were in place for a considerable period of time. It was incumbent on the firm to put proper AML documentation in place in compliance with its legal and regulatory obligations.
- The firm's failure to comply with the MLRs undermines the ability of the supervisory authority to deal with compliance and diminishes public confidence in the legal profession.
- It is in the public interest that firms ensure compliance with the MLRs. A failure to do so has the potential to cause harm by exposing the firm to the risk that its services will be used to carry out money laundering or terrorist financing. Where properly compliant AML documentation is in place this mitigates and manages the risk and ensures that the public can take comfort that firms are complying with their legal and regulatory obligations.
- The firm's conduct was serious, and diminished trust in the legal profession. Any lesser sanction would not provide a credible deterrent to the firm and others. A credible deterrent plays a key role in maintaining professional standards and upholding public confidence.

In view of the above, the firm's conduct was placed in conduct band C which has a financial penalty of 1.6 per cent to 3.2 per cent of annual domestic turnover. The firm's conduct was placed in the lower range of this band at C2 (2 per cent of annual domestic turnover).

In terms of mitigating factors, the financial penalty was reduced to give credit for the firm's early admission of breach of the relevant rules.

SRA Principles and Outcomes breached

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 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.

Code of Conduct for Firms 2019

Paragraph 2.1(a): 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.

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

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.

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