

Anti-money laundering – what you need to know

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To cover

Themes we are seeing

Focus for the year ahead

Findings from proactive supervision

Trends in enforcement

Law firm perspective

Q&A



What did we do?



273

Firms we reviewed
or inspected



38,000

Views of guidance
and support



17,000

Views on
webinars

Key themes

Improvements in the sector:

- Quality of firm wide risk assessments
- Suspicious Activity Reports

Focus of the year ahead

Client and
matter risk
assessments

On-going
proactive
sanctions
compliance

Source of funds

Proactive update

- Client and matter risk assessments
- Policies, controls and procedures
- Independent audit
- Enforcement and case studies

Client and matter risk assessments

- 42% of client/matter risk assessments reviewed were ineffective
- 30% did not show clearly when EDD was necessary, including where mandated under the regulations
- 20% did not reflect the firm's firm wide risk assessment

Policies, controls and procedures

- We reviewed AML policies for 224 firms
- More than half of the policies we reviewed needed improving (58%)
- High risk third countries & high risk jurisdictions
- Process for ensuring compliance with the sanction's regime

Independent Audit

- Of the 143 firms we inspected, 51% had not undertaken an independent audit
- Of these, we deemed that 45% should have had one
 - Majority due to size of firm
 - Also consider multiple offices
 - Nature of work, is it high risk

Enforcement

We continue to see a high number of reports



252

Potential AML
breaches reported
to us



34

Fines handed out
(in-house and
SDT fines)



380k

Total worth of
fines

Enforcement

Similar themes for reports and outcomes

- Inadequate Customer Due Diligence
- Failure to do necessary source of funds checks
- Failure to carry out a firm wide risk assessment and cooperate with regulator

Case examples and learnings

Inadequate identity and customer due diligence checks

- What is the third-party certifying?
- Suitably qualified and true likeness for non face-to-face client

Case examples and learnings

Lack of client and matter risk assessments

- Who is responsible in the firm?
- Make sure process in place
- Align with your firm wide risk assessment
- On-going monitoring

Sue Hatton

MD, MLRO & MLCO

Pickering's Solicitors



SRA Inspection - March 2022

Firm wide risk assessment

Training

Case management

Client and matter risk assessment

Timing of due diligence

Source of funds

Ongoing monitoring