Solicitors Regulation Authority

Richard Pearlman LLP

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Recognised body
468959

Agreement Date: 13 November 2025

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 13 November 2025

Published date: 24 November 2025

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Richard Pearlman LLP (the firm), a recognised body, authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

a. it is fined £20,048
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 an inspection by our AML Proactive Supervision Team.

2.2 Our inspection 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]. Source of funds (SoF)

2.3 In six of eight files reviewed, the firm failed to conduct sufficient, or any, source of fund checks, pursuant to Regulation 28(11)(a) of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 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 the firm has 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 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 7.3 of the SRA Code of Conduct 2011, which states you must achieve these Outcomes: you identify, monitor and manage risks to compliance with all the Principles, rules and outcomes and other requirements of the Handbook, if applicable to you, and take steps to address issues identified.
e. 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.
f. Outcome 7.6 of the SRA Code of Conduct 2011, which states you must achieve these Outcomes: you train individuals working in the firm to maintain a level of competence appropriate to their work and level of responsibility.

To the extent the conduct took place from 25 November 2019 onwards, it breached:

g. 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.
h. 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.

i. Breached Paragraph 2.2 of the SRA Code of Conduct for Firms 2019, which states you keep and maintain records to demonstrate compliance with your obligations under the SRA's regulatory arrangements.
j. 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 sufficient, or any, source of fund checks on six of the eight files reviewed.

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 less serious (score of one). This is because although the firm's updated Policies, controls and procedures (PCPs), dated 11 January 2024, failed to address provisions to identify and scrutinise unusually large or unusual patterns of transactions under Regulation 19(4)(a)(i)(aa), it did identify provisions to scrutinise complex transactions and transactions that have no apparent economic or legal purpose, by way of a form entitled 'Declaration of Source of Funds.'

5.3 The AML Proactive inspection considered the firm's PCPs to be compliant under the MLRs 2017. The issue identified is that in the client files reviewed, the fee earners failed to carry out sufficient, or any, SoF checks to the required standard and in some cases no SoF checks. Two files contained insufficient SoF checks, while the remaining four files had no SoF checks.

5.4 We note from the firm's email dated 4 February 2025, that a lax approach to SoF checks may have been adopted for various reasons, but in one case, it was because the client was known to the Compliance Officer for Legal Practice, through a close friendship with the client's father. Such personal connections or long-standing relationships do not absolve the firm of its regulatory obligation to conduct appropriate SoF checks. Firms must not allow familiarity or existing relationships, including friendships with clients or their family members to override the need for robust SoF checks. These checks are a critical safeguard against the risk of money laundering, particularly in property transactions, which are known to be exploited by criminals to launder illicit funds.

5.5 It is important to recognise that both clients and firms, who offer professional services, may be coerced or manipulated into facilitating money laundering, including through the misuse of their bank accounts or involvement in property transactions. Therefore, consistent, and thorough SoF checks must be applied in all cases, regardless of the perceived risk or familiarity with the client.

5.6 Since our inspection, the firm has instructed an external consultancy practice to bring it into compliance with its regulatory obligations, and it has delivered bespoke training to its fee earners on source of funds and source of wealth training. We are hopeful, that the training will now encourage the fee earners to conduct robust SoF checks and record these on files to mitigate any risks. We also note that the firm has produced "a more bespoke and compliant FWRA, taking full account of the feedback provided to the firm in Annex 2 of our letter of 17th March".

5.7 Further, on 4 February 2025, the firm sent an email to us stating "You have certainly made us aware of one or two shortcomings which we will immediately attend to and make sure that we delve a bit further into source of funds etc., notwithstanding what might have appeared to us previously as being sufficient evidence (i.e. the £3m salary on the client A file)", and "We will immediately put in place procedures to deal with

matters such as this in conjunction with our new Client and Matter Risk Assessment form and hopefully you will be able to form the view that you will be able to offer some guidance and suggestions on our way forward, rather than take matters to an investigatory stage".

5.8 The impact of harm or risk of harm score is assessed as being medium (score of four). This is because although there was no evidence of any direct loss to any client, the failure to carry out sufficient, or any, SoF checks across multiple files put the firm at greater risk of being used to facilitate money laundering and/or terrorist financing. Currently two-thirds of the firm's business comes from conveyancing. Conveyancing is a high-risk area of work, as highlighted in the Government's National Risk Assessments (2017, 2020 and 2025) and our Sectoral Risk Assessments (2018, 2021 and 2025), as property is an attractive asset for criminals because of the large amounts of money that can be laundered through a single transaction.

5.9 The 'nature' of the conduct and the 'impact of harm or risk of harm' added together give a score of five. This places the penalty in Band "B," as directed by the Guidance, which indicates a broad penalty bracket of between 0.4% and 1.2% of the firm's annual domestic turnover.

5.10 Based on the evidence the firm has provided of its annual domestic turnover; this results in a basic penalty of £25,060.

5.11 The SRA considers that the basic penalty should be reduced to £20,048. This reflects the firm's transparency and cooperation with the AML Proactive Supervision team and AML Investigations team, along with admitting and remedying the breaches.

5.12 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 £20,048.

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 deny the admissions made in this agreement or act in any way which is inconsistent with it.

7.2 If the firm denies the admissions, or acts in a way which is inconsistent with this agreement, the conduct which is subject to this agreement may be considered further by the SRA. That may result in a disciplinary outcome or a referral to the Solicitors Disciplinary Tribunal on the original facts and allegations.

7.3 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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