SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 Case No. 12669-2024

BETWEEN:

SOLICITORS REGULATION AUTHORITY LTD Applicant

and

FEISAL MOHAMMED RAZA SHEIKH First Respondent

MAXIM SOLICITORS LIMITED Second Respondent

Before:

Ms A. Banks (in the chair)
Mrs A. Sprawson
Mr G. Gracey

Date of Hearing: 19 May 2025

Appearances

Louise Culleton, barrister in the employ of Capsticks Solicitors LLP, 1 St George's Road, London SW19 4DR, for the Applicant.

The First and Second Respondents were unrepresented.

JUDGMENT ON AN AGREED OUTCOME

Allegations

The Allegations made against the First and Second Respondents are:

1. The allegations made by the SRA against the First Respondent, Feisal Sheikh (SRA ID: 28587), are that, while in practice as a Consultant Solicitor at Maxim Solicitors Limited:

    1.1 Between 8 March 2017 and 27 November 2020, in respect of one or more of the client matters FS17520 and FS19815, he caused and/or allowed the Firm's client account to be used as a banking facility and/or failed to return client money promptly.

    And in doing so breached any or all of the standards set out below:

    Conduct which took place between 8 March 2017 and 24 November 2019:

    i. Rules 14.3 and/or 14.5 of the SRA Accounts Rules 2011 ("the 2011 Accounts Rules")

    ii. Principles 6 and/or 8 of the SRA Principles 2011 ("the 2011 Principles")

    Conduct which took place from 25 November 2019 onwards:

    iii. Rules 2.5 and/or 3.3. of the SRA Accounts Rules ("the 2019 Accounts Rules")

    iv. Principle 2 of the SRA Principles 2019 ("the 2019 Principles")

2. The allegations made against the Second Respondent, Maxim Solicitors Limited ("the Firm"), are that:

    2.1. Between 8 March 2017 and 26 October 2020, in respect of one or more of the client matters FS17520 and FS19815, the Firm allowed and/ or failed to prevent its client account being used to provide a banking facility and/or failed to ensure that client money was returned promptly.

    And in doing so breached any or all of the standards set out below:

    Conduct which took place between 8 March 2017 and 24 November 2019:

    i. Rules 14.3 and/or 14.5 of the SRA Accounts Rules 2011 ("the 2011 Accounts Rules")

    ii. Principles 6 and/or 8 of the SRA Principles 2011 ("the 2011 Principles")

    Conduct which took place from 25 November 2019 onwards:

    iii. Rules 2.5 and/or 3.3. of the SRA Accounts Rules ("the 2019 Accounts Rules")

    iv. Principle 2 of the SRA Principles 2019 ("the 2019 Principles")

2.2 Withdrawn

2.3 Withdrawn

2.4 Between 26 June 2017 and January 2020, in respect of five files, the Firm failed to have in place client and matter risk assessments to record its assessment of the level of risk arising in any particular case as required by Regulations 28(12) and 28(13) of the MLRs 2017.

And in doing so breached any or all of the standards set out below:

Conduct which took place between 26 June 2017 and 24 November 2019:

i. Outcome 7.5 of the SRA Code of Conduct 2011 ("the 2011 Code of Conduct")

ii. Principle 6 of the SRA Principles 2011 ("the 2011 Principles")

iii. Principle 8 of the SRA Principles 2011

Conduct which took place from 25 November 2019 onwards:

iv. Paragraph 3.1 of the SRA Code of Conduct for Firms

v. Principle 2 of the SRA Principles 2019 ("the 2019 Principles")

Documents

3. The Tribunal considered all of the documents before contained in the Tribunal's Digital Case System and in particular the following documents: -

- The Applicant's Rule 12 Statement dated 22 August 2024
- The First Respondent's Answer to the Rule 12 Statement dated 4 November 2024
- The Second Respondent's Answer to the Rule Statement dated 28 October 2024
- Statement of Agreed Facts and Outcome dated 19 May 2025

Background

<u>The First Respondent</u>

4. The First Respondent is a solicitor having been admitted to the Roll in November 2000. He is a consultant solicitor in the Firm, based at the Firm's East London Office, where he has been a consultant since March 2014. The First Respondent practices in property law. At all material times, the First Respondent held a Practicing Certificate free from conditions.

The Second Respondent

5. The Firm is a Limited company and a recognised body with a registered office at Unit 4, 10-17 Sevenways Parade, Woodford Avenue, Gants Hill, Ilford, IG2 6JX. The Firm is managed by: Muhammed Adil Khan ("Mr Khan") (Director, Compliance Officer for Legal Practice ("COLP"), Compliance Officer for Finance and Administration ("COFA") and Money Laundering Reporting Officer ("MLRO"); Nadia Adil ("Mrs Adil") (Director); and Waleed Khan ("Waleed Khan") (Director).

6. Mr Khan and Mrs Adil are married. Mr Khan holds an 80% equity share and Mrs Adil a 20% equity share. According to the Firm's renewal application for the 2023-2024 practice year, the Firm employs five legally qualified fee earners. The total UK turnover from its last complete accounting period was approximately £560,000. Approximately 70% of the Firm's fee income is from three areas:

   - Residential Conveyancing – 35%
   - Immigration – 25%
   - Commercial Conveyancing – 10%

Application for Leave

7. The parties lodged an application dated 19 May 2025 for leave to submit a Statement of Agreed Facts and Outcome. Given that the application was made less than 28 days from the date of the Substantive Hearing and leave of the Tribunal was required.

8. The parties apologised for the lateness of the application, conceding that it was highly regrettable that the outcome had not been reached earlier. The Applicant, in particular, referred to the need for escalation to and authorisation at the appropriate level in accordance with its scheme of delegation, as in some way explaining the delay.

Decision on Leave

9. The Tribunal expressed concern at the fact that the application for leave was submitted to the Tribunal very late. The application had been made on the very day of the Substantive Hearing, and on the face of it there appeared to be no detailed reason justifying why it could not have been made earlier.

10. The Tribunal has consistently emphasized that the time limit exists to allow for the convening of a separate division, distinct from the one assigned to hear the Substantive Hearing, to consider the Agreed Outcome. If the division designated for the substantive case reviews the Agreed Outcome and declines to approve it, the scheduled hearing date is at risk, as Tribunal members originally assigned to the case would need to consider recusing themselves. Late submission of such applications disrupts the Tribunal's scheduling process and affects its ability to make appropriate arrangements thereby potentially prejudicing the prompt hearing and disposal of other cases. It also inconveniences Tribunal members, who balance their duties with other professional commitments and must ensure their availability over multiple days.

11. Having carefully considered the proposal set out in the Agreed Outcome, the Tribunal decided it was appropriate in the circumstances to grant the parties leave to submit the Statement of Agreed Facts and Outcome for consideration.

Admissions

The First Respondent

12. The First Respondent admitted allegation 1.1 as set out in the Statement of Agreed Facts and Outcome.

The Second Respondent

13. The Second Respondent admitted to allegations 2.1 and 2.4 as set out in the Statement of Agreed Facts and Outcome.

Application to Withdraw Breaches

14. The Applicant applied pursuant to Rule 24 of the Solicitors (Disciplinary Proceedings) Rules 2019 to withdraw the breaches as set out below submitting that each Respondent had the factual matrix and the remainder of the alleged breaches. There were no material disputes of fact.

The First Respondent and the Second Respondent

(a) withdrawal of aspects of Allegation 1.1 (against the First Respondent) and 2.1 (against the Second Respondent) set out in the Rule 12 Statement as follows:

Date	Amount
03/04/2017	Payment of £40,080
02/05/2017	Receipt of £80,000
07/08/2017	Payment of 39,380.80
15/09/2017	Receipt of £5,000
16/10/2017	Payment of £70,000
04/01/2017	Payment of £41,000
13/03/2018	Transfer of £34,851.20
19 - 22/07/2019	Transfer of £25,000
02 & 04/08/2019	Receipt of £27,950
10/08/2019	Receipt of £66,250

(b) Withdrawal of breaches in respect of Allegation 1.1 and 1.2 In respect of conduct which took place between 8 March 2017 and 24 November 2019 alleging breaches of:

i. Rules 14.3 and/or 14.5 of the SRA Accounts Rules 2011 ("the 2011 Accounts Rules") and;

ii. Principles 6 and/or 8 of the SRA Principles 2011 ("the 2011 Principles").

The Second Respondent

(c) Withdrawal of Allegations 2.2 and 2.3.

Decision on the Application to Withdraw Allegations and Breaches

15. In the circumstances of those admissions and the material set out in the Statement of Agreed Facts, the Tribunal was satisfied that it was reasonable and proportionate to permit the Applicant to withdraw the matters set out above.

Admissions Made by the Respondents

The First Respondent

16. The First Respondent admitted Allegation 1.1 as set out in the Statement of Agreed Facts and Outcome

The Second Respondent

17. The Second Respondent admitted to Allegations 2.1 and 2.4 as set out in the Statement of Agreed Facts and Outcome.

Application for the matter to be resolved by way of Agreed Outcome

18. The parties invited the Tribunal to deal with the Allegations against the Respondent in accordance with the Statement of Agreed Facts and Outcome annexed to this Judgment. The parties submitted that the outcome proposed was consistent with the Tribunal's Guidance Note on Sanctions.

Findings of Fact and Law

19. The Applicant was required to prove the Allegations on the balance of probabilities. The Tribunal had due regard to its statutory duty, under Section 6 of the Human Rights Act 1998, to act in a manner which was compatible with the Respondent's rights to a fair trial and to respect for their private and family life under Articles 6 and 8 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.

20. The Tribunal reviewed all the material before it and was satisfied on the balance of probabilities that the Respondent's admissions were properly made.

Sanction

21. The Tribunal considered the Guidance Note on Sanction (11th Edition February 2025). In doing so the Tribunal assessed the culpability and harm identified together with the aggravating and mitigating factors that existed.

22. In determining sanction, the Tribunal's role was to assess the seriousness of the proven misconduct and to impose a sanction that was fair and proportionate in all the circumstances. In determining the seriousness of the misconduct, the Tribunal was to

consider the Respondent's culpability and harm identified together with the aggravating and mitigating factors that existed.

The First Respondent

23. In assessing culpability, the Tribunal took account of the fact that The Respondent had direct responsibility for the circumstances giving rise to the conduct. He had a duty to comply with the SRA and ensure that the Firm's client account was not used as a banking facility in the manner it had been.

24. The Tribunal acknowledged that although there was no actual harm caused by his conduct, non-compliance with the Accounts Rules and Anti-Money Laundering Regulations carried a potential risk for harm.

25. The Tribunal found that the culpability of the First Respondent was low.

26. The sole aggravating feature of his admitted conduct was that he should have known as an experienced solicitor, that his conduct was a material breach of obligation.

27. The Tribunal had due regard to mitigating factors. It was noted that the First Respondent cooperated fully with the Applicant throughout the investigation and proceedings. He had admitted the relevant misconduct such that the need for a contested hearing had been avoided. Additionally, he has no previous regulatory findings against him.

28. The Tribunal determined that the conduct of the First Respondent met the threshold for the lowest level of seriousness required to justify a fine, placing it within level 1 of the indicative fine bands. A fine of £5,000 was therefore deemed proportionate given the circumstances.

The Second Respondent

29. The Second Respondent had a direct responsibility for ensuring the First Respondent's compliance with the SRA's regulatory requirements. It was as a result of its failures to scrutinise his payment requests that led to the Firm being used as a banking facility.

30. In allowing the transfer of the money from the Firm's client account to third party, there was a potential risk that the Firm could have facilitated money laundering fraud and, or insolvency, despite there being no evidence that this was the case.

31. The Second Respondent had also failed in its obligation to document relevant client risk assessments in relevant matters between 2017 and 2019. It was however noted by the Tribunal that the Firm has been assessed to be a low-risk entity in money laundering terms.

32. The Tribunal assessed the culpability of the Second Respondent to be low and recognised that in mitigation, the Firm had cooperated fully with the investigations and proceedings addressing its failings by introducing client and matter risk assessments to record its assessment of the level of risk arising in any particular case.

33. The Tribunal determined that the conduct of the Second Respondent met the threshold for the lowest level of seriousness required to justify a fine, placing it within level 1 of the indicative fine bands. A fine of £5,000 was therefore deemed proportionate given the circumstances.

Costs

The First Respondent

34. The Applicant and the First Respondent agreed costs in the sum of £2,500. The Tribunal determined that the agreed costs were reasonable and proportionate. Accordingly, the Tribunal ordered the Respondent, to pay costs in the sum of £2,500.

The Second Respondent

35. The Applicant and the Second Respondent agreed costs in the sum of £3,000. The Tribunal determined that the agreed costs were reasonable and proportionate. Accordingly, the Tribunal ordered the Respondent, to pay costs in the sum of £3,000.

Statement of Full Order

The First Respondent

36. The Tribunal ORDERED that the First Respondent, FEISAL MOHAMMED RAZA SHEIKH, solicitor, do pay a FINE of £5,000.00, such penalty to be forfeit to His Majesty the King, and it further Ordered that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £2,500.00.

The Second Respondent

37. The Tribunal ORDERED that the Second Respondent, MAXIM SOLICITORS LIMITED, do pay a FINE of £5,000.00, such penalty to be forfeit to His Majesty the King, and it further Ordered that they do pay the costs of and incidental to this application and enquiry fixed in the sum of £3,000.00.

Dated this 5th day of June 2025
On behalf of the Tribunal

A. Banks

A. Banks
Chair

Case No: 12669-2024

BEFORE THE SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 (as amended)

AND IN THE MATTER OF:

SOLICITORS REGULATION AUTHORITY LIMITED

Applicant

and

FEISAL MOHAMMED RAZA SHEIKH

First Respondent

and

MAXIM SOLICITORS LIMITED

Second Respondent

STATEMENT OF AGREED FACTS AND OUTCOME

Introduction

1. By a statement made by Mark Rogers on behalf of the Solicitors Regulation Authority Limited ("SRA") pursuant to Rule 12 of the Solicitors (Disciplinary Proceedings) Rules 2019, dated 22 August 2024, the SRA brings proceedings before the Solicitors Disciplinary Tribunal ("the Tribunal") making allegations of misconduct against Mr Feisal Sheikh ("the First Respondent") and Maxim Solicitors Limited ("the Second Respondent").
2. Definitions and abbreviations used herein are those set out in the Rule 12 Statement.

Allegations

3. The Allegations made against the First and Second Respondents are:

    1. The allegations made by the SRA against the First Respondent, Feisal Sheikh (SRA ID: 28587), made by the SRA are that, while in practice as a Consultant Solicitor at Maxim Solicitors Limited:

        1.1 Between 8 March 2017 and 27 November 2020, in respect of one or more of the client matters FS17520 and FS19815, he caused and/or allowed the Firm's client account to be used as a banking facility and/or failed to return client money promptly.

And in doing so breached any or all of the standards set out below:

Conduct which took place between 8 March 2017 and 24 November 2019:	
i.	Rules 14.3 and/or 14.5 of the SRA Accounts Rules 2011 ("the 2011 Accounts Rules")
ii.	Principles 6 and/or 8 of the SRA Principles 2011 ("the 2011 Principles")
Conduct which took place from 25 November 2019 onwards:	
iii.	Rules 2.5 and/or 3.3. of the SRA Accounts Rules ("the 2019 Accounts Rules")
iv.	Principle 2 of the SRA Principles 2019 ("the 2019 Principles")

2. The allegations made against the Second Respondent, Maxim Solicitors Limited ("the Firm"), are that:

2.1. Between 8 March 2017 and 26 October 2020, in respect of one or more of the client matters FS17520 and FS19815, the Firm allowed and/ or failed to prevent its client account being used to provide a banking facility and/or failed to ensure that client money was returned promptly.

And in doing so breached any or all of the standards set out below:

Conduct which took place between 8 March 2017 and 24 November 2019:	
i.	Rules 14.3 and/or 14.5 of the SRA Accounts Rules 2011 ("the 2011 Accounts Rules")
ii.	Principles 6 and/or 8 of the SRA Principles 2011 ("the 2011 Principles")
Conduct which took place from 25 November 2019 onwards:	
iii.	Rules 2.5 and/or 3.3. of the SRA Accounts Rules ("the 2019 Accounts Rules")
iv.	Principle 2 of the SRA Principles 2019 ("the 2019 Principles")

2.2 The Firm has failed to, between 26 June 2017 and January 2020, 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 Regulation 18(1) and 18(4) of the MLRs 2017).

And in doing so breached any or all of the standards set out below:

Conduct which took place between 26 June 2017 and 24 November 2019:	
i.	Outcome 7.5 of the SRA Code of Conduct 2011 ("the 2011 Code of Conduct")
ii.	Principle 6 of the SRA Principles 2011 ("the 2011 Principles")
iii.	Principle 8 of the SRA Principles 2011
Conduct which took place from 25 November 2019 onwards:	
iv.	Paragraph 3.1 of the SRA Code of Conduct for Firms
v.	Principle 2 of the SRA Principles 2019 ("the 2019 Principles")

2.3 The Firm has failed to, from 26 June 2017 onwards establish and maintain policies, controls, and procedures ("PCPs") to mitigate and effectively manage the risks of money laundering and terrorist financing, identified in any risk assessment

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.

And in doing so breached any or all of the standards set out below:

Conduct which took place between 26 June 2017 and 24 November 2019:	
i.	Outcome 7.5 of the SRA Code of Conduct 2011 ("the 2011 Code of Conduct")
ii.	Principle 6 of the SRA Principles 2011 ("the 2011 Principles")
iii.	Principle 8 of the SRA Principles 2011
Conduct which took place from 25 November 2019 onwards:	
iv.	Paragraph 3.1 of the SRA Code of Conduct for Firms
v.	Principle 2 of the SRA Principles 2019 ("the 2019 Principles")

2.4 Between 26 June 2017 and January 2020, in respect of five files, the Firm failed to have in place client and matter risk assessments to record its assessment of the level of risk arising in any particular case as required by Regulations 28(12) and 28(13) of the MLRs 2017.

And in doing so breached any or all of the standards set out below:

Conduct which took place between 26 June 2017 and 24 November 2019:	
i.	Outcome 7.5 of the SRA Code of Conduct 2011 ("the 2011 Code of Conduct")
ii.	Principle 6 of the SRA Principles 2011 ("the 2011 Principles")
iii.	Principle 8 of the SRA Principles 2011
Conduct which took place from 25 November 2019 onwards:	
iv.	Paragraph 3.1 of the SRA Code of Conduct for Firms
v.	Principle 2 of the SRA Principles 2019 ("the 2019 Principles")

Admissions

4. The First Respondent is prepared to admit Allegation1.1 strictly on the basis set out below and the associated breaches of the Principles and Accounts Rules referred to, as set out in this document.

5. The Second Respondent is prepared to admit Allegations 2.1 on the basis set out below and 2.4 and the associated breaches of the Principles, Codes of Conduct and Accounts Rules referred to, as set out in this document.

6. The SRA has considered the admissions being made and whether those admissions, and the outcomes proposed in this document, meet the public interest test having regard to the gravity of the matters alleged. For the reasons explained in more detail below, and subject to the Tribunal's approval, the SRA is satisfied that the admissions and outcome do satisfy the public interest.

Allegations withdrawn from those set out in the Rule 12 Statement

7. The First and Second Respondent do not admit the totality of the matters set out under Allegations 1.1 and 2.1 in the Rule 12 Statement and the Second Respondent does not admit Allegations 2.2 and 2.3.

8. Having reviewed the case carefully, the Applicant applies to withdraw aspects of Allegations 1.1 and 2.1 and Allegations 2.2 and 2.3 (in full) which both the First and Second Respondents have denied from the outset. This is on the basis that the SRA does not consider that there is a realistic prospect that the allegations will be found proved or, alternatively, if the Tribunal were to find the allegations proved that there may not be an impact on the outcome, given the existence of the admitted Allegation 2.4 (which also involves AML non-compliance). Consequently, it is not in the public interest to invite the Tribunal to determine those allegations in light of the admissions set out in this document.

Application to withdraw aspects of Allegations 1.1 and 2.1

9. In relation to Allegations 1.1 and 2.1, the SRA applies pursuant to Rule 24 of the Solicitors (Disciplinary Proceedings) Rules 2019 to withdraw the following aspects which are set out in the Rule 12 Statement-

Date	Amount
3/4/17	Payment of £40,080
2/5/17	Receipt of £80,000
7/8/17	Payment of £9,380.80
15/9/17	Receipt of £5,000
16/10/17	Payment of £70,000
4/1/18	Payment of £41,000
13/3/18	Transfer of £34,851.20
19-22/7/19	Transfer of £25,000
2 & 4/8/19	Receipt of £27,950
10/8/19	Receipt of £66,250

10. On review it is accepted – in summary - that there was either (i) a sufficient connection with the Firm's retainer for its client (ii) transactions satisfied SAR Rule 20.1 (a) or (iii) monies were legitimately retained prior to the end of the retainer for the matters which are not pursued. On that basis there is no longer a realistic prospect of success of proving these aspects.

11. Furthermore, so far as the following aspects of Allegations 1.1 and 2.1 are concerned, whilst the SRA maintains that there was a breach of Rules 14.5 and 14.3, it nonetheless considers that it is the remaining aspects (detailed below) that are the gravamen of the case and it is therefore not proportionate or in the public interest to pursue them. Further

given their limited nature it is considered, and respectfully submitted, that if maintained any findings in respect of them would not lead to a difference in level of sanction.

i. Ledger FS17520

1. Receipts into the Firm's client account of what are said to be loan repayments from Company H (£70,000), in breach of SAR 14.5 given there was no underlying legal transaction and the money should have gone directly to the client not via/into the Firm's client account.

2. Between November 2017 and mid-March 2018, client money remained in the Firm's client account for this ledger in when it should have been promptly returned to the client, in breach of SAR 14.3.

ii. Ledger FS19815

1. Retention of client money in the client account over the period of August 2019 to August 2020 (£99,518.84) was held on client account for between 12-13 months. Even if it were permissible to receive monies into the client account in anticipation of an imminent instruction which had not yet been formalised, it is not credible that the freehold purchase instruction was imminent throughout a 12 month period. This was therefore a breach Rules 14.3.

12. As stated, in light of what the SRA maintains in respect of these allegations and what is admitted (set out below), the SRA considers that it is not proportionate, nor in the public interest, to pursue these aspects above.

13. In terms of the breaches of the Accounts Rules and Principles, given that the misconduct maintained by the SRA relates to conduct after August 2020, there is no longer an alleged breach of the 2011 Accounts Rules or Principles and in respect of the 2019 Accounts Rules and Principles, it is only a breach of Rule 3.3 of the SAR which is alleged, together with a breach of Principle 2 of the 2019 Principles.

Application to Withdraw Allegations 2.2 and 2.3 against the Second Respondent

14. The SRA applies pursuant to Rule 24 of the Solicitors (Disciplinary Proceedings) Rules 2019 to withdraw Allegations 2.2 and 2.3 which the Second Respondent has denied.

15. The Second Respondent has denied breaches of Outcome 7.5 of the SRA Code of Conduct 2011, Principles 6 and 8 of the SRA Principles 2011, Paragraph 3.1 of the SRA Code of Conduct for Firms 2019 and Principle 2 of the SRA Principles 2019 in relation to both allegations.

16. The SRA considers that upon review of the evidence and the Second Respondent's Answer of the 28 October 2024 there is no longer a realistic prospect of successfully proving Allegations 2.2 and 2.3. Furthermore, the SRA considers that it is not in the public interest to proceed to a substantive hearing on those remaining two allegations in light of the admissions made by the Respondents. Even if those allegations were to be pursued and found proved, there may not be an impact on the outcome proposed given the admitted Allegation 2.4 which also relates to AML non-compliance.

Agreed Facts

The First Respondent

17. The First Respondent is a solicitor having been admitted to the Roll in November 2000. He is a consultant solicitor in the Firm, based at the Firm's East London Office, where he has been a consultant since March 2014. The First Respondent practices in property law. At all material times, the First Respondent held a Practicing Certificate free from conditions.

The Second Respondent

18. The Firm is a Limited company and a recognised body with a registered office at Unit 4, 10-17 Sevenways Parade, Woodford Avenue, Gants Hill, Ilford, IG2 6JX. The Firm is managed by:

    18.1. Muhammed Adil Khan ("Mr Khan") (Director, Compliance Officer for Legal Practice ("COLP"), Compliance Officer for Finance and Administration ("COFA") and Money Laundering Reporting Officer ("MLRO"));
    18.2. Nadia Adil ("Mrs Adil") (Director); and
    18.3. Waleed Khan ("Waleed Khan") (Director).

    Mr Khan and Mrs Adil are married. Mr Khan holds an 80% equity share and Mrs Adil a 20% equity share.

19. According to the Firm's renewal application for the 2023-2024 practice year, the Firm employs five legally qualified fee earners. The total UK turnover from its last complete accounting period was approximately £560,000. Approximately 70% of the Firm's fee income is from four areas:

    19.1. Residential Conveyancing – 35%
    19.2. Immigration – 25%
    19.3. Commercial Conveyancing – 10%

The facts and matters relied upon in support of the allegations

Allegations 1.1 and 2.1 – the provision of a banking facility and failure to return client monies promptly by the First and Second Respondent

20. Allegations 1.1 and 2.1 relate to the alleged provision of banking facilities in respect of one matter involving a company relating to Person A, a client of the Firm. Person A was a director of the company.

21. A Forensic Investigation was commissioned on 12 January 2022, with a Forensic Investigation Report ("FIR") being produced on 7 November 2022.

22. The FIR focused on work conducted by the Firm, for Person A, and her associated businesses.

23. The Firm acted for companies connected with Person A. The First Respondent was the fee-earner on seven out of eight of the formal files that were opened for such companies, including the two matters set out below. Mr Khan was the supervising partner on the First Respondent's matters.

24. The FIR focuses on two exemplified matters relating to Person A's companies, referenced with file numbers FS17520 and FS19815. On FS19815, the funds were ultimately used, through the client account, for the client company to purchase a high value sports car from the First Respondent.

Bank Accounts

25. The Firm held two bank accounts at Barclays Bank UK PLC – one Client Account and one Office Account. The Firm operated online banking. Payments were both made and authorised by Mr Khan. Mr Khan stated in interview and correspondence that he had authorised the payments on the First Respondent's matters which are the subject of the FIR.

Exemplified Matter FS19815 – Company 2

Summary

26. By way of summary, this matter originally concerned drafting agreements connected with the grant of underleases by Company 2, a company connected to Person A. The client ledger indicates that after receipt of an initial £52,014.84 from the grant of the underleases, no funds were returned to the client on this matter and instead funds were moved around for and between different parties.

27. The background facts in respect of the relevant transactions and movement of money are set out fully in the Rule 12 Statement and are not repeated here.

28. As at 7 August 2020, the client account held £165,768.84.

Payments in respect of the First Respondent's Car

29. In his email to Person A dated 14 August 2020, the First Respondent confirmed that the sum of £66,250 had been received and stated that he had been instructed to hold it as there were continuing negotiations with the Landlords of the property.

30. In the same email, the First Respondent stated that it had been agreed that Company 2 would purchase his car for £197,316.08 and that Person A would pay that sum to the finance company to settle the outstanding finance and obtain clean title. The Firm were not instructed by Person A to act in the purchase of the car and undertook no legal work in respect of it.

31. By way of relevant background, some 4 years previously, the First Respondent had purchased a high performance car for £329,100 with the assistance of a finance agreement between the First Respondent and J Ltd, dated 9 December 2016.

32. On 20 August 2020, Person A stated that she had decided not to proceed with her proposed purchase of a freehold property. As set out above, at this point, the Firm was holding £165,768.84 in its client account. Person A stated that she would make a further payment of £1,547.24 into the client account for payments towards the settlement of the finance agreement with J Ltd on the car. She asked the Respondent to make the payment to J Ltd on her behalf as she had small children and could not go to the bank to make the Chaps payment herself and she was also showing signs of possible Covid symptoms and had been advised to self-isolate. She said that she would not normally ask the First Respondent to do this.

33. The First Respondent responded on the same day acknowledging receipt of the further £1,547.24 and stated that it was not the Firm's policy to send funds to third parties, and that he would prefer Person A to make the payment directly to J Ltd, assuming that she had online banking. He asked Person A to supply her bank details to him to remit the monies to.

34. Person A stated that she was unable to go to the bank or do a Chaps payment online for large payments, and asked the First Respondent to help her on this occasion. In his email dated 24 August 2020, the First Respondent confirmed that upon receipt of the signed agreement of sale, he would send payments to J Ltd.

35. The agreement was signed on 26 August 2020 and the payment of £165,000 was made to J Ltd leaving a remaining balance of £32,316.08 on the finance agreement to be made no later than 31 October 2020.

36. On 21 September 2020, Person A signed a letter from Company 2 to the Firm giving authority and instruction to transfer £2,316.08 to Company J. This payment was made on the same date. The following day, the First Respondent signed an internal payment request form requesting a payment of £2,316.08 to Company J, recorded as *"AS PER*

CLIENTS INSTRUCTIONS". This left a nil balance in the client account and a remaining balance of £30,000 on the finance agreement.

37. On 20 October 2020, Person A asked the First Respondent to transfer £30,000 to J Ltd as the final payment to purchase the car, and to transfer the balance of £8,800 to Company 2.

38. On 26 October 2020, was paid into the Firm in respect of a different transaction which is not criticised.

39. On 27 October 2020, Person A emailed the First Respondent and requested the transfer of £30,000 to J Ltd. The payment was made to J Ltd on the same date and the vehicle was transferred to Company 2.

40. On 28 October 2020, and 27 November 2020, the Firm received £2,000 and £6,800 respectively from a different transaction which is not criticised.

41. On 27 November 2020, the First Respondent made a final payment of £8,800 to the client. The First Respondent confirmed the payments of £30,000 and £8,800 to Person A in an email and also confirmed that he would proceed to close the file.

Breaches of the Accounts Rules

42. The agreed position in respect of the transactions, and the breaches of the 2019 Accounts Rules by the First and Second Respondent, on Matter FS19815 is as follows:

> On 14 August 2020, the First Respondent emailed Person A indicating that the previous day they had discussed that Company 2 would purchase his McLaren for £197,316.08. On 20 August 2020, Person A emailed the First Respondent indicating that the intended freehold purchase was not going to be going ahead and that as the Firm held £165,768.84, she would top that up to £167,316.08, which would leave a balance of £30,000 to pay later. She asked the First Respondent to then make the payment to J Ltd on her behalf, saying she had small children and could not go to the bank to make the chaps payment, she was also showing signs of possible Covid symptoms and had been advised to self-isolate for a minimum of 10 days. The First Respondent responded indicating that it was not his Firm's policy to send funds to third parties and that he would prefer her to make the payment directly to J Ltd, he assumed she had access to online banking. Person A then responded to say it would be impossible for her to go to the bank with small children and she could not do chaps online for large payments. The First Respondent then agreed to send the payment to J Ltd on Person A's behalf. On 26 August 2020, and a number of dates thereafter, the First Respondent signed internal payment request form requesting payments of various amounts be made to J Ltd "*as per client instructions*", ultimately leaving a nil balance on file but an outstanding balance of £30,000 to still pay to J Ltd. Following further communications, Person A indicated that payment of £38,800

would be made to the Firm by 31 November 2020 from H Investments in relation to an outstanding loan, following which she asked the First Respondent to transfer £30,000 of that money received to J Ltd as the final payment for the vehicle. On 27 October 2020 following receipt of £30,000, the First Respondent signed an internal payment request form requesting a payment of £30,000 to J Ltd "*as per client instructions*". The Firm was not instructed to carry out any legal work in relation to the sale of the car, there was no underlying legal transaction and no justification for the payments to be made through the client account. Rather it was a personal transaction between the First Respondent and Person A. There was thus an obvious breach of SAR 3.3.

Breaches of the Principles
Principle 2 of the SRA Principles (2019)

43. There are, as set out in the Rule 12 Statement, strong and well known reasons why solicitors are not permitted to use the firm's client account as a banking facility and the Warning Notices serve to further highlight the inherent and recognised risks in solicitors using client accounts as a banking facility, including the simple erosion of the regulatory distinction between financial and legal services.

44. The use of the Firm's client account as set out above was in essence as a bank account for Person A's convenience – and indeed for the First Respondent's benefit in respect of the Company 2 matter and the sale of the car.

45. By allowing Person A to use the Firm's client account as a banking facility and failing to return the client monies promptly, the First Respondent failed to maintain public trust.

46. The Firm is accountable for the First Respondent's compliance with the SRA's regulatory arrangements and should have identified and addressed his use of its client account. It failed to do so, and instead, authorised all payments requested by him in the absence of any documented scrutiny.

47. Public confidence in solicitors and in the provision of legal services is likely to be undermined by solicitors and firms where they have permitted the client account to be used as a banking facility in this way. This was a serious breach, involving a significant sum of money for what was a personal transaction between the Respondents and Person A, and the SRA submits that the Respondents breached Principle 2 of the 2019 Principles.

48. Giving in to client requests for favours where it is evident from the emails requesting the client make alternative arrangements that it was recognized as problematic to do so inevitably carries with it a risk of possible money laundering. It is this risk that is one of the key reasons for the regulatory prohibition on client accounts being used as a banking facility. The above is compounded by the evident inadequacy in this instance of the client's explanations for not making the transfers herself, for example in a number of smaller tranches within the ambit of her electronic authority.

Allegation 2.4 – Between 26 June 2017 and January 2020, the Second Respondent failed to have in place client and matter risk assessments

The Legislative Framework and Facts Relied upon

49. Regulation 28(12)(a) of the MLRs 2017 states that "the ways in which a relevant person complies with the requirement to take customer due diligence measures, and the extent of the measures taken, must reflect the risk assessment carried out by the relevant person under regulation 18(1), and its assessment of the level of risk arising in any particular case."

50. Regulation 28(13) of the MLRs 2017 states that "in assessing the level of risk arising in a particular case, the relevant person must take account of factors including, among other things:

    a) the purpose of an account, transaction or business relationship,
    b) the level of assets to be deposited by a customer or the size of the transactions undertaken by the customer, and
    c) the regularity and duration of the business relationship."

51. Risk assessments should document the circumstances and the identified risks with reference to the Firm-Wide Risk Assessment, rate the risks, and justify these ratings with a supporting rationale. A well-documented client and matter risk assessment helps ensure compliance, deter fraud, identify potential risks, and provides valuable insights into the firm's client base and their activities. The risk assessment informs the level of customer due diligence to be applied to each client and matter, and in the absence of such risk assessments, the firm was unable to know to what extent it needed to apply such measures.

52. Paragraph 1.1 of the Firm's pre-2020 AML Policy required the fee earner to conduct client and matter risk assessments "*identifying factors that make it high or low risk for money laundering".*

53. Section F of the Firm's pre-2020 AML Policy set out the firm's approach to ongoing monitoring "*This means scrutiny of transactions, including where necessary, the source of funds to ensure they are consistent with our knowledge of the client, his business and risk profile".*

54. In five pre-January 2020 matters reviewed by the FIO, there was no process in place for any risk assessment to be recorded and consequently, there was no evidence of any risk assessment being completed by the fee earner as required by the firm's own policy and Regulation 28(12) and 28(13) of the MLRs 2017.

55. All five files contained file opening forms, however these forms did not allow for the recording of risk or source of funds information. The Firm was therefore unable to demonstrate the extent of the measures it had taken, in view of the risks of money laundering and terrorist financing, as required by Regulation 28(16) of the MLRs 2017.

This was rectified by the firm in January 2020 following its introduction of "inception forms" that allowed for the recording of risk and source of funds.

56. This allegation concerns the Firm's failure "to have in place client and matter risk assessments to record its assessment of the level of risk arising in any particular case" from those risk assessments. Five files reviewed by the FIO contained no evidence setting out the risk assessment carried out on the files in question. The root cause of this was the file opening forms failing to allow for the recording of the risk assessments in a manner that would demonstrate compliance with relevant CDD requirements. Regulation 28(16) of the MLRs 2017 requires the Firm to be able to demonstrate relevant compliance. The Firm was not able to do so in relation to the 5 identified files. Practically speaking, regulation 28(16) cannot be discharged without the Firm having in place a practice of ensuring risk assessments are documented. The purpose of regulation 28(16) is in part protection of the Firm, but it is also so the SRA can be readily satisfied - in the public interest - that there is proper compliance, in all individual cases, with the fundamental CDD requirements. There was therefore a breach of the MLRs in relation to all five files

57. There was as a consequence a breach of Principles 6 and 8 of the 2011 Principles and Principle 2 of the 2019 Principles, and Outcome 7.5 of the 2011 Code of Conduct and/or Para 3.1 of the SRA Code of Conduct for Firms, as set out in the Rule 12 Statement and on the basis set out therein.

Mitigating Factors Advanced by the Respondents

58. The following points are advanced by way of mitigation on behalf of the First Respondent, but their inclusion in this document does not amount to an adoption or an endorsement of such points by the SRA:
    58.1. In relation to Allegation 1.1 the First and Second Respondent have explained the reasons for the alleged payments and receipts to the Applicant and FIO with full and detailed explanations along with the documentary evidence during the course of the investigation and at later stages (including without prejudice correspondence) for all the payments in question which the Applicant acknowledges. Furthermore, comprehensive responses to these allegations have already been provided by or on behalf of the Respondents on 7 March 2022, 4 July 2022, 16 October 2022 and 11 March 2024 [MR1-pages 363-366, pages 380-381, pages 402-404, pages 31-39, respectively].
    58.2. A detailed explanation and mitigating factors have been stated at paragraphs 15 to 47 of the First Respondent's Answer and correspondence with the Applicant which is not repeated here.
    58.3. A detailed explanation and mitigating factors have been stated at paragraphs 48 to 91 of the First Respondent's Answer and correspondence with the Applicant which is not repeated here.
59. In respect of the 2 payments (£167,316.08 and £30,000 on file FS19815) the First Respondent submits as follows:

59.1. In his mitigation, the First Respondent deals with a large volume of files at any one time. In the circumstances, it is not always possible for him to keep appraised as to how much money he is holding for clients on every file on a daily basis. This transaction took place during the Covid 19 Lockdown which were unprecedented times and which meant that certain decisions had to be made by the First Respondent which he may not ordinarily have made at any other time. The First Respondent was aware of the provisions of Rule 2.5 and Rule 3.3 and the restrictions on making third party payments which in an email to Person A on 20 August 2020 he pointed out to the client. However, the First Respondent was unsuccessful in persuading Peron A to receive the monies from the Firm and make the payment to J Ltd herself which would have been the correct approach. Person A had Covid symptoms at the time, was self-isolating and had twins to care for which precluded her from attending at the bank to make payment herself. Furthermore, Person A was unable to pay large sum in small tranches in one single day due to the daily limit on transfers. And coupled with the fact that Person A could not make online payments and the looming deadline to redeem the finance agreement with J Ltd by 31 October 2020, the First Respondent was under pressure and felt that he had no other option at that time but to agree to make the payment to J Ltd.

59.2. The First Respondent is a senior solicitor with almost 24 years PQE. The First Respondent holds a clean record and has never had any complaints nor previous disciplinary action taken against him by the SRA or the Tribunal. The First Respondent holds a Practising Certificate free from conditions.

60. In terms of Culpability the Tribunal the First Respondent submits as can be seen from his Answer:

60.1. that the mitigating factors and full explanations have been provided to the alleged breaches of account rules and SRA Principles;

60.2. there was no breach of trust nor did the Respondent deliberately mislead the SRA;

60.3. There was no motivation of misconduct or plan for the alleged breaches;

60.4. The level of culpability is therefore low.

61. With regard to Harm and Aggravating Factors:

61.1. once again the impact of the allegations and the harm to the public is low;

61.2. here are no aggravating factors and in mitigation the First Respondent would make the point that the allegations against both the Respondents are limited in time and are of brief duration.

61.3. the First Respondent has been open, cooperative with the FIO and the SRA throughout;

61.4. no dishonesty or lack of integrity was found or alleged by the Applicant; there was no damage caused intended to any specific individual, the public or reputation of the legal profession.

61.5. there was no criminality involved in the alleged misconduct;

61.6. the First Respondent has a practising certificate free from conditions and unblemished career record;

61.7. there have been no client complaints or further regulatory concerns about the First Respondent; and

61.8. the likelihood of future misconduct of a similar nature or any misconduct is very low.

62. The following points are advanced by way of mitigation on behalf of the Second Respondent, but their inclusion in this document does not amount to an adoption or an endorsement of such points by the SRA:

62.1. In relation to Allegation 2.1 the First and Second Respondent have explained the reasons for the payments to the Applicant and FIO with full explanations along with the documentary evidence during the course of the investigation and at later stages for all the payments in question. Furthermore, comprehensive responses to these allegations have already been provided by or on behalf of the Respondents on 7 March 2022, 4 July 2022, 16 October 2022 and 11 March 2024 [MR1-pages 363-366, pages 380-381, pages 402-404, pages 31-39, respectively].

62.2. Further, the Second Respondent relies on the mitigation set forth by the First Respondent in the preceding paragraphs.

62.3. In relation to allegation 2.4, the FIO acknowledged that five pre 2020 files he had reviewed did in fact have the file opening forms. However, those forms did not allow recording of risk or source of funds information. The Second Respondent in its Answer dated 27 October 2024 explained at paragraphs 107-114 and 138-141 how risk assessment was carried out during 2017 and 2020. This shows that the Firm was actively taking steps to deal with the potential risks and undertaking its assessment of risks throughout on a case by case basis, under Regulations 28(1) and 28(3).

62.4. The Second Respondent explained in its Answer that “appropriate steps were taken to identify and assess the relevant risks to the Firm. This assessment was carried out on a case by case basis in line with 2017 policy procedures and practices in place”

62.5. Regulation 28(12) requires the risk assessment carried out by the relevant person under Regulation 18(1). However, Regulation 18(1) states that: A relevant person must take appropriate steps to identify and assess the risks of money laundering and terrorist financing to which its business is subject.

62.6. As opposed to the warning notice dated 25 November 2019 [MR1-p732-734], which clearly required firms to have a written FWRA, regulation 18(1) only required firms to take appropriate steps to identify and assess the risks of money laundering and terrorist financing by way of written policies which the firm had throughout the alleged period of breaches.

63. The Second Respondent had in place the following written policies since changes to the Regulations on 26 June 2017. These policies were relied upon in order to assess the level of risk which the fee earners were carrying out on case by case basis:
    63.1. Anti-money laundering and counter-terrorism financing policy [MR1-p309-314]
    63.2. Anti-money laundering and counter-terrorism financing Sanctions Assessment policy [MR1-p307-308
    63.3. Anti-Fraud Policy 2019 [AK1-p3-11] MR1-p382]
    63.4. Anti-bribery and corruption policy [AK1- p12] [MR1-p382]
    63.5. Client risk assessment and due diligence procedure [MR1-p303-307]
    63.6. Entity or legal arrangement client verification checklist [MR1-p315315-321]
    63.7. The 2017 policy tells fee earners the issues to consider and actions to take on all matters and as the Firm is small and does limited work this document was considered sufficient.
    63.8. The 2017 policy has sections on ongoing monitoring - the client and source of funds. The Firm is live to issues of suspicious transactions and suspicious grounds are mentioned. High risk countries are identified and fee earners are aware that up to date information is on the Law Society website. A copy of the recent list is affixed on the whiteboard in the Firm's office.
    63.9. The 2017 policy and the focus on 'know your client' and to 'have a good understanding of transaction' is akin to a firm wide risk assessment.
    63.10. Appropriate steps were taken to identify and assess the relevant risks to the Firm. This assessment was carried out on a case by case basis in line with 2017 policy procedures and practices in place.
    63.11. Although it is accepted that five files between 2017 and 2019 contained only file opening forms, the Second Respondent submits that no harm to the public or the profession was caused due to this. The firm did have policies and procedures in place at all material times and as aforementioned, a risk assessment was carried out on a case by case basis.

64. In terms of Culpability the Second Respondent submits as can be seen from the Answers:
    64.1. that mitigating factors and full explanations have been provided to the alleged breaches;
    64.2. there was no breach of trust nor did the Second Respondent deliberately mislead the SRA;
    64.3. there was no motivation of misconduct or plan for the alleged breaches;
    64.4. the level of culpability is therefore low.

65. With regard to Harm and Aggravating Factors:
    65.1. once again the impact of the allegations and the harm to the public is low;
    65.2. there are no aggravating factors and in mitigation the Second Respondent would make the point that the allegations against both the Respondents are limited in

time and brief duration and, in respect of allegation 2.1 limited to one file, and in respect of allegation 2.4 limited to five files;

65.3. the Second Respondent has been open, cooperative with the FIO and thus the SRA throughout;

65.4. no dishonesty was found or alleged by the Applicant;

65.5. there was no damage caused intended to any specific individual, the public or reputation of the legal profession.

65.6. there was no criminality involved in the alleged misconduct;

65.7. the Respondents have unblemished career records; and

65.8. the likelihood of future misconduct of a similar nature or any misconduct is very low.

Agreed Outcome

66. The First Respondent agrees:

66.1. To pay a fine of £5,000;

66.2. To pay costs to the SRA in the sum of £2,500.00

67. The Second Respondent agrees:

67.1. To pay a fine of £5,000;

67.2. To pay costs to the SRA in the sum of £3,000.00.

Explanation as to why such an order would be in accordance with the Tribunal's sanctions guidance

68. The parties consider and submit that in light of the admissions set out above and taking in due account the mitigation put forward by the First and Second Respondent, the proposed outcome represents a proportionate resolution of the matter, consistent with the Tribunal's Guidance Notes on Sanction 11th Edition.

69. Guidance on the Tribunal's approach to sanction is set out in Fuglers and Others v Solicitors Regulation Authority [2014] EWHC 179 (per Popplewell J) as follows:

> *"28. There are three stages to the approach… The first stage is to assess the seriousness of the misconduct. The second stage is to keep in mind the purpose for which sanctions are imposed by such a tribunal. The third stage is to choose the sanction which most appropriately fulfils that purpose for the seriousness of the conduct in question."*

70. The starting point in determining sanction is to establish the seriousness of the allegation proved. The Tribunal will determine which of the sanction thresholds have been crossed, working from the lowest sanction upwards. In determining seriousness the Tribunal must consider the respondent's culpability for their conduct and the harm caused or the harm

that was intended or might reasonably by foreseen to have been caused by their actions. When the Tribunal has identified the starting point it can add or reduce this to reflect any aggravating or mitigating features which impact on the culpability of the respondent and harm caused to reach a provisional sanction.

71. The Tribunal will assess the seriousness of the misconduct in order to determine which sanction to impose. Seriousness is determined by a combination of factors, including:

    a) The Respondent's level of culpability for their misconduct.

    b) The harm caused by the Respondent's misconduct.

    c) The existence of any aggravating factors.

    d) The existence of any mitigating factors.

First Respondent

72. In assessing the **culpability** of Allegation 1.1

    72.1. The First Respondent was the fee-earner on the matters subject of the allegations in the Rule 12 statement. He had day-to-day conduct of the matters.

    72.2. The First Respondent has been practising as a solicitor for 24 years. Therefore, he has a high level of experience.

    72.3. Both the First and Second Respondents were fully responsible for the conduct.

    72.4. In relation to the car related payments, giving in to client requests for favours when the First Respondent was clearly aware of the issue of not using the client account as a banking facility increases the level of culpability. The First Respondent appreciated that to make such transactions was impermissible and yet proceeded for the client's convenience. This is compounded by the obvious inadequacy of the client's reasons for not making the transfers herself and inadequate scrutiny of those explanations.

73. In assessing the **harm** caused by Allegation 1.1

    73.1. In using the Firm's client account as a banking facility for Person A for her convenience, the First Respondent failed to maintain public trust.

    73.2. In respect of harm, there is always a risk of harm when there is non-compliance with the Accounts Rules and Anti-Money Laundering Regulations. Whilst it is acknowledged that no actual harm occurred there was nonetheless that risk which is at the heart of the regulatory prohibition on client accounts being used as a banking facility. The Warning Notice issued to the profession on the subject, supported by relevant authorities, is clear on this. On this basis it simply cannot be said that potential risk of harm was negligible.

74. In assessing **aggravating** factors:

74.1. Using the client account in the manner set out above was a blatant breach of basic yet fundamental aspects of the Accounts Rules and SRA Guidance to the profession.

75. In assessing **mitigating** factors:

75.1. The First Respondent has engaged with the SRA throughout the investigation and disciplinary proceedings.

75.2. His practising certificate is free from conditions and he has an unblemished record.

75.3. There are no allegations of dishonesty or lack of integrity.

75.4. There have been no client complaints or further regulatory concerns about the First Respondent's conduct.

Second Respondent

76. In assessing the **culpability** of Allegations 2.1 and 2.4:

76.1. The Firm is accountable for the First Respondent's compliance with the SRA's regulatory arrangements and should have identified and addressed the First Respondent's use of its client account.

76.2. The Firm is also accountable to have the requisite protections in place to avoid risks of money laundering activities.

76.3. The failure of the Firm to do so by authorising all payments requested by the First Respondent without scrutinising the requests led to the client account being used as a banking facility. The Firm had obligations under the Money Laundering Regulations to ensure the Firm and its clients are protected.

77. In assessing the **harm** caused by Allegation 2.1 and 2.4

77.1. Allegation 2.1 is the improper use of the client account as a banking facility. By not complying with the Accounts Rules, and transferring the money from the Firm's client account to third parties, there is a risk the Firm could have facilitated money laundering, fraud and/or insolvency. However, it is acknowledged that there is no evidence that this occurred and the risk of harm therefore did not materialise.

77.2. Allegation 2.4 is that the Firm failed to document client matter risk assessments in five matters between 2017 and 2019. The Firm appears to be a low risk entity in money laundering terms and in the absence of other money laundering breaches or failures the admission of allegation 2.4 is on the lower end of seriousness. However there will always be a risk of harm if there is a failure to record risk assessments.

78. In assessing **aggravating** factors:

78.1. These were breaches of basic, yet fundamental, rules and requirements of the profession.

79. In assessing **mitigating** factors:

    79.1. The Second Respondent has engaged with the SRA throughout the investigation and disciplinary proceedings.

    79.2. There are no allegations of dishonesty or lack of integrity.

    79.3. The FIO reviewed other files and did not find any other matters with concerns.

    79.4. The SRA notes that the Firm addressed the failings described in Allegation 2.4 with an introduction of a new form in 2020.

80. In all the circumstances of the case, it is therefore proportionate and in the public interest that the First Respondent should be fined £5,000.00 and the Second Respondent be fined £5,000.00.

Signed:
For and on behalf of the First Respondent
Date: *18 May 2025*

Signed:
For and on behalf of the Second Respondent
Date: *18 May 2025*

Signed
For an SRA
Date: 19 May 2025