SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 Case No. 12702-2024

BETWEEN:

SOLICITORS REGULATION AUTHORITY LTD Applicant

and

HUGGINS LEWIS FOSKETT Respondent
(a Recognised Body)

Before:

Mr R. Nicholas (Chair)
Mr J. Johnston
Mrs L. McMahon-Hathway

Date of Hearing: 28 May 2025

Appearances

There were no appearances as the matter was dealt with on the papers.

JUDGMENT ON AGREED OUTCOME

Allegations

1. The allegations against the Respondent (a recognised body) were that:

Allegation 1

1.1 From 26 June 2017 until 27 April 2022 it failed to have a firm wide risk assessment ("FWRA") in place which complied with the requirements of Regulation 18 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information of the Payer) Regulations 2017 ("MLRs").

In doing so, it was alleged that the Respondent had:

a) Insofar as such conduct took place on or after 6 October 2011 but before 25 November 2019, acted in breach of any or all of Principles 6, 7 and 8 of the SRA Principles 2011 ("the Principles 2011") and failed to achieve any or all of Outcomes 7.2 and 7.5 of the SRA Code of Conduct 2011 ("the SCC 2011"); and

b) Insofar as such conduct took place on or after 25 November 2019, acted in breach of any or all of Principle 2 of the SRA Principles ("the Principles") and paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms ("the Code for Firms").

Allegation 2

2. From 26 June 2017 until April 2022, it failed to:

1.2.1. have Policies, Controls and Procedures ("PCPs") in place which complied with the requirements of Regulation 19(1)(a) of the MLRs, and

1.2.2. regularly review and update its PCPs in compliance with Regulation 19(1)(b) of the MLRs, and

1.2.3. monitor and manage compliance with its PCPs in compliance with Regulation 19(3)(e) of the MLRs. In doing so, it was alleged that the Respondent had:

a) Insofar as such conduct took place on or after 6 October 2011 but before 25 November 2019, acted in breach of any or all of Principles 6, 7 and 8 of the Principles 2011 and failed to achieve any or all of Outcomes 7.2 and 7.5 of the SCC 2011; and

b) Insofar as such conduct took place on or after 25 November 2019 acted in breach of any or all of Principle 2 of the Principles and paragraphs 2.1(a) and 3.1 of the Code for Firms.

Allegation 3

3. From 26 June 2017 until April 2022, it failed to conduct client and matter risk assessments ("CMRAs") in compliance with the requirements of Regulations 28(12)(a)(ii) and 28(13) of the MLRs.
In doing so, it was alleged that:

a) Insofar as such conduct took place on or after 6 October 2011 but before 25 November 2019, acted in breach of any or all of Principles 6, 7 and 8 of the Principles 2011 and failed to achieve any or all of Outcomes 7.2 and 7.5 of the SCC 2011; and

b) Insofar as such conduct took place on or after 25 November 2019, acted in breach of any or all of Principle 2 of the Principles and any or all of paragraphs 2.1(a) and 3.1 of the Code for Firms.

Allegation 4

4. Between 26 June 2017 until January 2024, it failed to establish an independent audit in compliance with the requirements of Regulation 21(1)(c) of the MLRs. In doing so, it was alleged that the Respondent had:

a) Insofar as such conduct took place on or after 6 October 2011 but before 25 November 2019, acted in breach of any or all of Principles 6, 7 and 8 of the Principles 2011 and failed to achieve any or all of Outcomes 7.2 and 7.5 of the SCC 2011; and

b) Insofar as such conduct took place on or after 25 November 2019, acted in breach of any or all of Principle 2 of the Principles and paragraphs 2.1(a) and 3.1 of the Code for Firms.

Admissions

5. The Respondent admitted each of the allegations made against it by the SRA.

Documents

6. The Tribunal had, amongst other things, the following documents before it:-

- The Form of Application dated 22 October 2024.
- Rule 12 Statement dated 22 October 2024 and exhibits.
- Agreed Outcome submitted 23 May 2025

Background

7. The Firm is a Recognised Body and 80% of the Firm's work falls within the scope of the MLRs. According to the Firm's renewal application for the 2023/2024 practice year,

the Firm employs 9 legally qualified fee earners. The total UK turnover from its last complete accounting period (1 November 2021 to 31 October 2022) was £3,041,000.00

Application for Leave

8. Not required. The Substantive Hearing was listed to be heard on 20 June 2025, and the present application was not being made less than 28 days from the date of the Substantive Hearing.

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

9. 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

10. 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.

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

12. The Tribunal considered the Guidance Note on Sanction (11th Edition). The Tribunal's principal objective when considering sanction, was the need to maintain public confidence in the integrity of the profession. 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.

13. The Tribunal considered the conduct to have been very serious. The Respondent had fallen short of that expected of a recognised body. There seemed to have been no reason why the Respondent had not followed the regulations, and the lack of compliance persisted for a long time. The Respondent's full admissions at an early stage demonstrated some insight.

14. Compliance with the anti-money laundering regulations is required, both in respect of meeting legal and regulatory obligations and for the wider societal issue of such compliance being a key method of potentially disrupting serious crime. It was a matter of luck that the Respondent had not been targeted by criminals exploiting the accepted deficiencies in its AML procedures and requirements under the regulations.

15. The Tribunal found the proposed sanction to be proportionate taking into consideration all relevant factors, including (a) the seriousness of the misconduct; and (b) the size and financial resources of the firm including revenue generated by the firm *(SRA v Clyde & Co; Edward Henry Mills-Webb [12481-2023].*

16. The Tribunal accepted that the misconduct giving rise to the allegations fell into the category of *'very serious'* or Level 4 of the Tribunal's fine bands: the fine of £58,000.00 was appropriate and proportionate in all the circumstances.

Costs

17. The parties agreed that the Respondent should pay costs in the sum of £20,000. The Tribunal considered the Applicant's costs schedule and determined that the agreed amount was reasonable and appropriate. Accordingly, the Tribunal ordered that the Respondent pay costs in the agreed sum.

Statement of Full Order

18. The Tribunal ORDERED that the Respondent, HUGGINS LEWIS FOSKETT, a recognised body, do pay a FINE of £58,000.00, such penalty to be forfeit to His Majesty the King, and it further Ordered that it do pay the costs of and incidental to this application and enquiry fixed in the sum of £20,000.00.

Dated this 16th day of June 2025
On behalf of the Tribunal

R. Nicholas

R. Nicholas
Chair

CASE NO: 12702-2024

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 –

HUGGINS LEWIS FOSKETT (a Recognised Body)

Respondent

STATEMENT OF AGREED FACTS AND PROPOSED OUTCOME

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1. By its application dated 22 October 2024, and the statement made pursuant to Rule 12(2) of the Solicitors (Disciplinary Proceedings) Rules 2019 which accompanied that application, the Solicitors Regulation Authority Limited ("**the SRA**") brought proceedings before the Solicitors Disciplinary Tribunal, making four allegations of misconduct against Huggins Lewis Foskett ("**the Respondent" or "the Firm"**).

The Allegations

2. The allegations against the Respondent, made by the SRA within that statement, are that:

Allegation 1

From 26 June 2017 until 27 April 2022 it failed to have a firm wide risk assessment ("FWRA") in place which complied with the requirements of Regulation 18 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information of the Payer) Regulations 2017 ("MLRs").

In doing so, it was alleged that the Respondent has:

a) Insofar as such conduct took place on or after 6 October 2011 but before 25 November 2019, acted in breach of any or all of Principles 6, 7 and 8 of the SRA Principles 2011 ("the Principles 2011") and failed to achieve any or all of Outcomes 7.2 and 7.5 of the SRA Code of Conduct 2011 ("the SCC 2011"); and

b) Insofar as such conduct took place on or after 25 November 2019, acted in breach of any or all of Principle 2 of the SRA Principles ("the Principles") and paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms ("the Code for Firms").

Allegation 2

From 26 June 2017 until April 2022, it failed to:

1.2.1. have Policies, Controls and Procedures ("PCPs") in place which complied with the requirements of Regulation 19(1)(a) of the MLRs, and

1.2.2. regularly review and update its PCPs in compliance with Regulation 19(1)(b) of the MLRs, and

1.2.3. monitor and manage compliance with its PCPs in compliance with Regulation 19(3)(e) of the MLRs.

In doing so, it was alleged that the Respondent has:

a) Insofar as such conduct took place on or after 6 October 2011 but before 25 November 2019, acted in breach of any or all of Principles 6, 7 and 8 of the Principles 2011 and failed to achieve any or all of Outcomes 7.2 and 7.5 of the SCC 2011; and

b) Insofar as such conduct took place on or after 25 November 2019 acted in breach of any or all of Principle 2 of the Principles and paragraphs 2.1(a) and 3.1 of the Code for Firms.

Allegation 3

From 26 June 2017 until April 2022, it failed to conduct client and matter risk assessments ("CMRAs") in compliance with the requirements of Regulations 28(12)(a)(ii) and 28(13) of the MLRs.

In doing so, it was alleged that:

a) Insofar as such conduct took place on or after 6 October 2011 but before 25 November 2019, acted in breach of any or all of Principles 6, 7 and 8 of the Principles 2011 and failed to achieve any or all of Outcomes 7.2 and 7.5 of the SCC 2011; and

b) Insofar as such conduct took place on or after 25 November 2019, acted in breach of any or all of Principle 2 of the Principles and any or all of paragraphs 2.1(a) and 3.1 of the Code for Firms.

Allegation 4

Between 26 June 2017 until January 2024, it failed to establish an independent audit in compliance with the requirements of Regulation 21(1)(c) of the MLRs.

In doing so, it was alleged that the Respondent has:

a) Insofar as such conduct took place on or after 6 October 2011 but before 25 November 2019, acted in breach of any or all of Principles 6, 7 and 8 of the Principles 2011 and failed to achieve any or all of Outcomes 7.2 and 7.5 of the SCC 2011; and

b) Insofar as such conduct took place on or after 25 November 2019, acted in breach of any or all of Principle 2 of the Principles and paragraphs 2.1(a) and 3.1 of the Code for Firms.

Admissions

3. The Respondent admits each of the allegations made against it by the SRA, to the extent refenced below for each allegation.

Statement of the facts agreed between the Parties

4. The following facts and matters are agreed between the SRA and the Respondent.

5. The Respondent is a long-established firm, practising as a traditional partnership.

6. The MLRs applied to the Respondent at all relevant times, with at least 80 per cent of the work undertaken by the Respondent falling within scope of the MLRs.

7. The majority of that work (over 64%) related to conveyancing, which the Legal Sector Affinity Group AML guidance notes as being identified by law enforcement authorities and the national risk assessment as a sector that can involve higher risks, as a common method for conversion of criminal proceeds.

Allegation 1

8. Regulation 18(1) of the MLRs requires in-scope firms to take appropriate steps to identify and assess the risks of money laundering and terrorist financing to which its business is subject. This is referred to in the legislation as a risk assessment, and referred to in this statement as the FWRA.

9. Taking into account the size and nature of the Respondent's business, it did not have any FWRA in place from 26 June 2017 until 22 April 2022 that was appropriate for the MLRs.

10. In particular, the FWRA was deficient in respect of information contained in the document regarding the various geographic risks posed, the products and services provided by the Respondent, and by lacking detail in respect of the Firm's client base and how the firm's work types were delivered.

11. The Respondent accepts that it had no FWRA document in place at all from the MLRs coming into effect on 26 June 2017 until 22 April 2022 that adequately satisfied the MLRs.

Allegation 2

12. The Firm has provided services in the scope of the MLRs since they came into force on 26 June 2017.

13. Regulation 19 MLRs 2017 places stringent requirements on relevant firms, of which the Respondent was one, including by reference to various other provisions of the MLRs 2017 under Regulation 19(3).

14. Regulation 19 MLRs required the Firm to have adequate PCPs. There were no such adequate PCPs in place from the MLRs coming into effect on 26 June 2017, until April

2022, with the documentation in place being deficient by not including any, or sufficient, information in respect of:

i. The measures the firm applied for politically exposed persons.
ii. The provisions to identify and scrutinise complex transactions.
iii. The provisions to identify and scrutinise unusually large or unusual patterns of transactions.
iv. The provisions to identify and scrutinise transactions that have no apparent economic or legal purpose.
v. On-going monitoring, and how the firm was to ensure client due diligence was maintained and up to date.
vi. When it was to be necessary to apply enhanced due diligence or, conversely, when simplified due diligence was appropriate to be used.
vii. The firm's position in relation to placing reliance on third parties, under Regulation 39 MLRs.
viii. The firm's approach to risk assessing clients and matters.
ix. How the firm identified high risk jurisdictions and the measure to be taken in relation to such jurisdictions.
x. How to report discrepancies in information to Companies House, if required to do so.

15. In addition, the purported PCP document that was in place for a period of time (and was initially produced in 2011 as the Firm's Policies & Procedures for the Money Laundering Regulations 2007 ('MLRs 2007')), had necessarily not been properly monitored and managed to ensure its compliance with the necessary regulations.

16. In that interim time, guidance to the legal profession had been issued by both the SRA, and the Legal Sector Affinity Group ('LSAG'). The lack of the necessary process meant the issues raised by LSAG, and how to mitigate risk, could not be considered or acted on by the Respondent.

Allegation 3

17. For the purposes of Regulation 27(1)(a) MLRs, the Firm was a 'relevant person' and was required to apply customer due diligence, in the manner set out in Regulations 28(12) and 28(13) MLRs.

18. The Firm could not produce any CMRAs to satisfy the requirements of Regulation 28(12).

Consequently, the Firm could not demonstrate its compliance with the further requirement to be able to do so under Regulation 28(16). In the absence of any such CMRAs, even if risk was appropriately assessed, it could not demonstrated to the SRA.

19. It is agreed that the absence of CMRAs to demonstrate any adherence to Regulation 28(12) and 28(13) is sufficient to indicate a breach of the same.

Allegation 4

20. For the purposes of Regulation 21(1)(c) MLRs, the Respondent was a 'relevant person' and was required to establish an independent audit function due to the significant majority of its work being within the scope of the MLRs, and conveyancing accounting for over 64%.

21. The Respondent was informed by the Outcome Letter in December 2022 that the SRA considered all but the smallest practices would require such an audit. This information had been previously communicated to the profession within the 2019-2020 Anti-Money Laundering Visits report.

22. Following the receipt of the Outcome Letter in December 2022, the Respondent did not make any such arrangements, in the remainder of 2022 nor at all in 2023, for an audit to take place.

Non-Agreed Mitigation

23. The Respondent advances the following points by way of mitigation, but their inclusion in this document does not amount to acceptance or endorsement of such points by the SRA. The Respondent states that:
    - 23.1. Admission have been made and were made early in the investigation
    - 23.2. None of the breaches were intentional.
    - 23.3. The Firm worked to ensure any identified breach was resolved and the Firm is now regarded as being compliant and this has been acknowledged by the SRA.
    - 23.4. It is noted the Firm has admitted the breaches and accepts it did not fully comply with the requirement of the MLRs. The Firm submits that actions were being taken to comply with the MLRs but some of these fell short of the requirements and or were not properly documented.
    - 23.5. In relation to CMRAs, the Firm admits these were not performed in accordance

with the requirement of Regulation 28 but submits that risks assessments were performed on client and matters but they were not documented in way that the Firm could demonstrate to the SRA.

23.6. The Firm has apologised and expressed regret in that it allowed itself to fall short of the requirements of the MLRs.

Proposed Sanction

24. The parties invite the Tribunal to determine that an appropriate sanction is a fine of £58,000. Neither the protection of the public nor the reputation of the legal profession requires a more serious sanction against the Respondent.

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

25. The proposed sanction is consistent with the principles set out in the Tribunal's *Guidance Notice on Sanctions* (11th edition), taking into account the guidance set out in *Fuglers & Ors v Solicitors Regulation Authority [2014] EWHC 179* (Popplewell J) and as set out in the Tribunal's *Guidance Note on Sanctions* at paragraphs 8 and the table at page 16 and, on the part of the SRA, has regard to the SRA's own guidance.

26. The sanction is considered to be proportionate taking into consideration all relevant factors, including (a) the seriousness of the misconduct; and (b) the size and financial resources of the firm including revenue generated by the firm *(SRA v Clyde & Co; Edward Henry Mills-Webb* [12481-2023].

27. The misconduct giving rise to the allegations falls into the category of 'very serious' or Level 4 of the Tribunal's fine bands.

28. This assessment takes into account the following factors:

a) The Respondent's conduct cannot be described as singular or fleeting, in fact spanning a time-period of over 6 years. During this time-period, and in addition to legislation, guidance and/or warnings had been issued to the profession.
b) Despite these warnings, the misconduct complained of continued and included periods when the Firm had no (in respect of the audit), as opposed to no adequate, appropriate safeguards in place as required by the regulations. Nearly 6 years is a

long period of time for money laundering protections to not be compliant and adequate.

c) The Respondent had direct control over the relevant matters and was at all relevant times a well-established firm, undertaking significant amounts of work that fell within a potentially higher risk sector within scope of the Money Laundering Regulations, i.e. conveyancing. Even if the misconduct was not planned or deliberate, the Respondent's level of culpability was high, and is aggravated by its conduct with regard to the lack of an independent audit being arranged for over a year

d) Although there was no evidence of money laundering having taken place, a lack of such evidence is not conclusive in a situation where allegations relate to inadequate checks and procedures, and the possibility cannot be discounted in such circumstances.

e) The Respondent's failures over a lengthy period of time risked causing harm to the reputation of the legal profession.

29. The risks arising from the breaches were foreseeable, with guidance and/or legislation in place in relation to the issues. The prevention of money laundering risks is a priority concern, with the National Crime Agency having highlighted the important role that the profession has in preventing money laundering. Compliance with the anti-money laundering regulations is required, both in respect of meeting legal and regulatory obligations and for the wider societal issue of such compliance being a key method of potentially disrupting serious crime.

30. The principal factors which aggravate the seriousness of the misconduct are that:

i. The misconduct continued over a lengthy period of time, involving multiple failures to comply with fundamental statutory requirements being repeated and involving management and staff across the Firm.

ii. The Respondent knew, or ought reasonably to have known, that the misconduct was in material breach of its obligations that were in place to protect the public and the reputation of the legal profession.

iii. When the Respondent was made aware of the SRA's outstanding concerns in December 2022, there is no evidence that it took any action, appropriate or otherwise, until contacted again by the SRA in January 2024.

31. In addition to the mitigation advanced by the Firm at paragraph 23 above, the agreed

mitigating features are:

i. Following direct contact by the SRA, the Respondent cooperated in respect of the majority of the issues raised, improved and corrected relevant policies and procedures and indicated some current insight into the concerns raised.
ii. The Respondent has made admissions, such that a substantive hearing has been avoided.
iii. There is no evidence that the Firm has acted in matters where the proceeds of crime, money laundering or terrorist financing has been raised or alleged
iv. There is no evidence that the beaches have caused any loss or damage to any person or entity
v. The Firm has apologised and expressed regret in that it allowed itself to breach the requirements of the MLRs.

32. Notwithstanding the mitigating factors at paragraph 31 above, the various breaches occurring over a long period of time are very serious and lesser sanctions such as a Restriction Order or a Reprimand would not be adequate or suitable.

33. Taking into account all relevant factors, including the seriousness of the misconduct and the financial resources of the Respondent, the proposed sanction is an appropriate, meaningful and proportionate sanction that, in accordance with *Fuglers and Others v SRA* (see above), suitably promotes the maintenance of important standards in, and the standing of, the profession.

34. Accordingly, the parties agree that the appropriate outcome in this case is for the Respondent to receive a fine of £58,000.00.

Costs

35. With respect to costs, it is further agreed that the Respondent should pay the SRA's costs of this matter agreed in the sum of £20,000 (inclusive of VAT). The SRA is satisfied that this is a reasonable and proportionate contribution by the Respondent in all the circumstances.

Dated 23 May 2025

For and on behalf of the SRA,
Applicant in these proceedings

Dated 23 May 2025

For and on behalf of Huggins Lewis Foskett,
Respondent in these proceedings