

Stamp James LLP (Stamp James Solicitors)
The Lodge, 10a Southernhay West, Exeter , EX1 1JG
Licensed body
655729

[Agreement Date: 6 November 2024](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 6 November 2024

Published date: 15 November 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Stamp James LLP (the Firm), a licensed body, authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

- a. Stamp James LLP will pay a financial penalty in the sum of £12,152, under Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedure Rules;
- b. to the publication of this agreement, under Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules; and
- c. Stamp James LLP will pay the costs of the investigation of £600, under Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Procedure Rules.

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.

Firm-wide risk assessment (FWRA)

2.3 Between 1 April 2019 and September 2023, the firm failed to keep an up-to-date record in writing of its 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.

2.4 The firm is required to have a documented FWRA which includes details of the firm's assessment of risks in five key areas, and which must be recorded in writing. While the firm provided a compliant FWRA for the inspection (dated September 2023), it advised that it could not locate any previous versions.

2.5 Despite the firm's current compliance with Regulation 18 of the MLRs 2017, it was not able to evidence its compliance for the period between April 2019 and September 2023, pursuant to Regulation 18(6) of the MLRs 2017.

Policies, controls and procedures (PCPs)

2.6 Between 1 April 2019 and September 2023, the firm failed to maintain a record in writing of its policies, controls, and procedures (PCPs) to mitigate and effectively manage the risks of money laundering and terrorist financing, pursuant to Regulation 19(1)(c) of the MLRs 2017.

2.7 Regulation 19(1) of the MLRs 2017 requires all firms to establish and maintain PCPs to identify, manage and mitigate the risks of money laundering and terrorist financing. Regulation 19(1)(c) requires a record of these PCPs, any changes to them and the steps taken to communicate them to be maintained in writing.

2.8 The firm provided PCPs for the inspection (dated September 2023) which required some improvements. These were subsequently updated and are now compliant. However, the firm advised that it could not locate any previous versions.

2.9 Despite the firm's current compliance with Regulation 19 of the MLRs 2017, it was not able to evidence its compliance for the period between April 2019 and September 2023, pursuant to Regulation 19(1)(c)(ii) of the MLRs 2017.

3. Admissions



3.1 The firm admits, and the SRA accepts, that by failing to comply with the MLRs 2017 it has breached:

From 1 April 2019 to 25 November 2019 (when the SRA Handbook 2011 was in force), 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 provision 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 has 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 7.5 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.

And from 25 November 2019 (when the SRA Standards and Regulations came into force) until September 2023, the firm has breached:

- 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.
- e. Paragraph 2.1(a) of the SRA Code of Conduct for Firms – 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.
 - f. 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 neglect towards 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 maintained a record of its AML documentation and controls.

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, we and the firm agree that the nature of the misconduct was more serious (score of three). This is because the firm was unable to evidence it had a documented FWRA and PCPs in place between April 2019 and September 2023, in breach of Regulations 18 and 19 of the MLRs 2017.

5.3 The harm or risk of harm is assessed as being medium (score of four). This is because the failure to be able to evidence having proper AML documentation in place for several years left the firm vulnerable to the risks of money laundering, particularly when acting in conveyancing transactions which accounts for all the work carried out by the firm.

5.4 The 'nature' of the conduct and the 'impact of harm or risk of harm' added together, give a score of seven (three plus four). This places the penalty in Band 'C', as directed by the Guidance.

5.5 We and the firm agree the financial penalty to be in Band C1, which determines a basic penalty of 1.6% of annual domestic turnover (firms).

5.6 The latest declared annual domestic turnover, to be used in the calculation of the financial penalty, is £1,084,991.

5.7 The basic penalty is therefore £17,359 (£1,084,991 x 1.6/100).

5.8 We have also considered mitigating factors and consider that the basic penalty should be discounted by 30%. This is to take account of the following factors as indicated by the Guidance:

- a. Remedying harm - the firm is now fully compliant with the MLRs 2017.
- b. Cooperating with the investigation - the firm has cooperated with the SRA's AML Proactive and AML Investigations teams.
- c. The firm has admitted its failings.

5.9 The adjusted penalty is therefore £12,152.

5.10 The firm does not appear to have made any financial gain or received any other benefit as a result of its conduct, that exceeds the level of the basic penalty. Therefore, no adjustment is necessary and the financial penalty is £12,152.

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 act in any way which is inconsistent with this agreement, such as by denying responsibility for the conduct referred to above. This may result in a further disciplinary sanction.

7.2 Acting in a way which is inconsistent with this agreement may also constitute a separate breach of Principles 1, 2 and 5 of the SRA Principles, and paragraph 3.2 of the Code of Conduct for Firms.

8. Costs

8.1 Stamp James LLP 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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