

Shranks

40-41 Museum Street, London , WC1A 1LT

Recognised body

55199

[Fined Date: 25 October 2024](#)

Decision - Fined

Outcome: Fine

Outcome date: 25 October 2024

Published date: 2 December 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by SRA decision.

Decision details

Who does this disciplinary decision relate to?

Shranks, located at 40-41 Museum Street, London, WC1A 1LT, a regulated body (the firm).

Short summary of decision

The firm was fined for failing to ensure it had relevant documentation in place to prevent activities relating to money laundering and terrorist financing as required by the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs 2017).

Also, for failing to take prompt remedial action to update some of its Anti-Money Laundering (AML) documentation when requested to do so by the SRA.

Facts of the misconduct

On 31 March 2020, the SRA's AML proactive supervision team asked the firm to provide a copy of its firm wide risk assessment for money

laundering (FWRA). This is a document that the firm is required to have under Regulation 18 of the MLRs 2017.

On 12 June 2020, an AML Regulatory Manager at the SRA informed the firm that the document was only partially compliant. The SRA provided the firm with guidance on how to amend the FWRA and referred the matter to the SRA's investigation team.

On 4 January 2022, an AML investigation officer at the SRA told the firm that there were still concerns which needed to be addressed immediately with the firm's FWRA. She gave further guidance to the firm as to how the FWRA should be updated.

In July 2022, the firm was selected for an SRA AML inspection. This identified that the firm's FWRA had not been updated in line with the guidance already provided to the firm. It also found that the firm did not have compliant policies, controls and procedures to manage the risks of money laundering and/or terrorist financing (PCPs) and that the firm did not have documented client/matter risk assessments (CMRA) or a process for them.

The firm provided the SRA with compliant AML documentation on 9 March 2023.

It was found that the firm:

Allegation One

1. Failed to take prompt remedial action, when requested by the SRA, to ensure it fully complied with legislative requirements to which its business was subject, namely, Regulation 18 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs 2017).

In doing so, the firm breached:

- a. Paragraph 3.4 of the SRA Code of Conduct for Firms
- b. Principle 2 of the SRA Principles 2019.

Allegation Two

2. Between 26 June 2017 and 9 March 2023, failed to comply with legislative requirements to which its business was subject because it failed to establish and maintain fully compliant policies, controls, and procedures (PCPs) to mitigate and effectively manage the risks of money laundering and terrorist financing, identified in any risk assessment (FWRA), 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.



Allegation Three

3. Between 26 June 2017 and 9 March 2023, failed to comply with legislative requirements to which its business was subject because it failed to have in place a process to assess the level of risk, as required by Regulation 28(12)(a)(ii) and Regulation 28(13) of the MLRs 2017. Therefore, it was unable to demonstrate that the extent of the measures it had taken to satisfy the requirements of Regulation 28 were appropriate, as required by Regulation 28(16) of the MLRs 2017.

In respect of allegations two and three, to the extent the conduct took place between 26 June 2017 and 24 November 2019 the firm:

- a. failed to achieve Outcomes 7.2 and Outcome 7.5 of the SRA Code of Conduct 2011 (2011 Code)
- b. breached Principles 6 and 8 of the SRA Principles 2011

and to the extent the conduct took place from 25 November 2019, the firm breached:

- a. Paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms
- b. Principle 2 of the SRA Principles 2019

Decision on sanction

The firm was directed to pay a financial penalty of £6,500 and ordered to pay costs of £1,350.

It was decided that a financial penalty was an appropriate and proportionate sanction.

This was because its conduct was serious by reference to the following factors in the SRA Enforcement Strategy:

- The findings included breaches of the MLRs 2017, which protect the public from the serious consequences of money laundering and terrorist financing.
- Its conduct was a breach of its regulatory obligations which persisted for longer than was reasonable and after it had been advised to update its AML documentation on two separate occasions by the SRA.
- The firm was responsible for its own conduct which was serious and had the potential to cause harm to the public interest and to public confidence in the legal profession.

In view of the above, the firm's conduct was placed in conduct band C which has a financial penalty bracket of between 1.6% and 3.2% of annual domestic turnover. Its conduct was placed in the lower end of this bracket at C2, given:



a. Aggravating factors

- The firm's conduct persisted for longer than reasonable.
- Its conduct increased the risk it would be used to facilitate money laundering and/or terrorist financing

b. Mitigating factors

- There was no suggestion the firm's failures had been dishonest or lacking in integrity.
- The firm had cooperated with the SRA investigation and admitted its misconduct
- There was no evidence that harm had actually materialised
- The firm had now taken steps to bring itself into compliance with the rules.

SRA Principles and Outcomes

SRA Code of Conduct 2011

Outcome 7.2 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.

Outcome 7.5 You comply with legislation applicable to your business, including anti-money laundering and data protection legislation.

SRA Principles 2011

Principle 6 You behave in a way that maintains the trust the public places in you and in the provision of legal services.

Principle 8 You run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial and risk management principles

Code of Conduct for Firms 2019

Paragraph 2.1(a) 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.

Paragraph 3.1 You keep up to date with and follow the law and regulation governing the way you work.

Paragraph 3.4 You act promptly to take any remedial action requested by the SRA.

SRA Principles 2019

Principle 2 You act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.

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