Taylor Vinters LLP (Taylor Vinters)

Merlin Place, Milton Road, Cambridge, , CB4 0DP

Licenced body

560892

Agreement

Date: 28 August 2020

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 28 August 2020

Published date: 8 September 2020

Firm details

Firm or organisation at date of publication

Name: Taylor Vinters LLP

Address(es): Merlin Place, Milton Road, Cambridge, CB4 0DP

Firm ID: 560892

Outcome details

This outcome was reached by SRA decision.

Decision details

REGULATORY SETTLEMENT AGREEMENT

1. Agreed outcome

1.1 Taylor Vinters LLP ('the firm'), a licensed body authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation of its conduct:

a. the firm will pay a financial penalty in the sum £19,200, pursuant to Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedure Rules

b. to the publication of this agreement, pursuant to Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules

c. the firm will pay the costs of the investigation of £5,800, pursuant to Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Procedure Rules.

Reasons/basis

2. Summary of Facts

2.1 From October 2014 onwards, the firm acted in 161 matters for 88 clients, who were overseas nationals purchasing off plan property plots in London. The average purchase price of the properties was circa £1.25m.

2.2 By 13 August 2018 the firm had received funds totalling circa £16.8m into its client bank account, relating to first and second stage deposits for the properties.

2.3 An employee or manager of the firm had met half of the clients (44 out of 88) in person.

2.4 In relation to 17 of the matters (for nine clients) the firm had received deposit funds totalling £450,410.49 into its client bank account, prior to any customer due diligence being undertaken as required under money laundering regulations.

2.5 In relation to 26 matters (for 25 clients) the firm had received deposit funds totalling £1,676,755.50 into its client bank account. The firm held some customer due diligence documentation, such as a passport or identity card, but had not completed the required customer due diligence prior to the receipt of funds as required under money laundering regulations.

2.6 The funds received by the firm in relation to the 43 matters, highlighted above, had been posted to a suspense client ledger account, while the firm completed its customer due diligence. In 27 matters, third parties had paid funds into the firm's client bank account on behalf of the firm's clients.

2.7 The firm has stated that its client bank account details had been provided to clients without the firm's knowledge. The firm did not know who had provided the clients with its bank details. Once the firm became aware, it informed clients not to send funds until the required customer due diligence had been completed.

2.8 In 41 of the 43 matters, the firm had been able to complete the customer due diligence following the receipt of funds into its client bank account.

2.9 In the remaining two matters, for the same client, the firm had received funds totalling £60,000, in January 2015, before conducting any customer due diligence. The firm had been unable to contact the client, despite extensive attempts, and was therefore unable to complete its customer due diligence. On 10 July 2019, the SRA granted permission for these monies to be paid to a charity, pursuant to Rule 20.1(k) of the SRA Accounts Rules 2011.

2.10 The firm had assessed the money laundering risk of the matters referred to above as “high” and therefore the relevant money laundering regulations required the firm to conduct enhanced customer due diligence and ongoing monitoring.

2.11 The firm had implemented what it described as its ‘quadruple lock’ process, which required a form of photographic identification, confirmation of address, copy of the client’s bank statement (or other bank confirmation) and an online anti-money laundering (AML) check.

2.12 The firm informed the SRA that it did enquire as to the client’s source of wealth on an exception basis, when it deemed it to be appropriate. Each fee earner was responsible for the client relationship and had to consider the risks posed by each individual client, but ultimately the firm would make any final decision.

2.13 Accordingly, there was a failure by the firm to conduct the following in respect to 43 client matters:

a. adequate customer due diligence at the material times, namely before the receipt of funds into its client account;

b. adequate ongoing monitoring, including source of funds checks; and

c. adequate enhanced ongoing monitoring as required by the money laundering regulations in force at the time, before and after 26 June 2017 when the regulations changed: - Regulations 7, 8, 9 and 14 of The Money Laundering Regulations 2007, and - Regulations 28 and 33 of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 from 26 June 2017 onwards.

2.14 The SRA acknowledges, in terms of mitigation, that the firm states its client account details were given out without its knowledge, and the processes the firm put in place to mitigate the identified breaches.

2.15 Further, in terms of mitigation, retrospective customer due diligence was performed following receipt of the monies on all but one client, the misconduct has not been repeated since and the firm has assisted the SRA throughout the investigation. There is no reason to suspect that any dubious transactions, which bear the hallmarks of money laundering, have taken place either.

3. Admissions

3.1 The firm admits, and the SRA accepts, that by failing to perform adequate customer due diligence at the material times, ongoing monitoring and enhanced ongoing

monitoring, as required under the relevant money laundering regulations in force at the time, it has:

a. failed to behave in a way that maintains the trust the public places in the firm and in the provision of legal services, in breach of Principle 6 of the SRA Principles 2011 (the Principles in force at the time of the misconduct),

b. failed to comply with its legal and regulatory obligations, in breach of Principle 7 of the SRA Principles 2011,

c. failed to run its business effectively and in accordance with proper governance and sound financial and risk management principles, in breach of Principle 8 of the SRA Principles 2011, and

d. breached relevant anti-money laundering legislation and therefore failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

4. Why the agreed outcome is appropriate

Financial Penalty of £19,200

4.1 The SRA considers, and the firm accepts, that a financial penalty of £19,200 is appropriate following reference to the SRA Enforcement Strategy because:

a. there was a breach of statutory obligations, as the relevant money laundering regulations (initially the 2007 regulations) had been in force for circa seven years and the firm should have complied with the same.

b. the conduct had the potential to cause harm by facilitating dubious transactions that could have led to money laundering and because the firm was responsible for the overall conduct.

c. 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 a firm does not comply with anti-money laundering legislation.

d. there has been no evidence of lasting harm to consumers or third parties, retrospective due diligence measures also left no reason to suspect that no money laundering had taken place and there is a low risk of repetition.

e. the firm has assisted the SRA throughout the investigation, admitted breaches and made changes to procedures as a result.

4.2 Rule 4.1 of the SRA 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 what is stated in Rule 4.1 and on that basis a financial penalty is appropriate.

4.3 In deciding the level of the financial penalty, reference is made to The SRA's Approach to Setting an Appropriate Financial Penalty (issued 13 August 2013 and updated on 25 November 2019). Following the three-step fining process, the SRA has determined the following:

4.4 The firm is a firm of greater means, as it has an annual domestic turnover of more than £2m, and as such the financial penalty is calculated as a percentage of turnover.

4.5 Step 1(a) – assessing the seriousness of the misconduct:

Nature of conduct score: Low/Medium = nature score of 1.

Harm or risk of harm: Medium = impact score of 4.

Step 1(b) – arriving at a broad penalty bracket (percentage of turnover, as over £2m):

Conduct band “B”, as nature and impact scores total 5 (1 + 4), indicating a basic penalty of up to 0.5% of annual domestic turnover. The turnover relied upon for the calculation is £16m, being the average turnover during the relevant period. The SRA and the firm agree the basic penalty scale of 0.2% of turnover to be appropriate, when considering the aggravating and mitigating factors in this matter, including client account details unwittingly being given out and the nuanced nature of the clients the firm was acting for.

As such, the basic financial penalty is 0.2% of £16m turnover, equating to £32,000. The SRA and the firm agree the basic penalty be reduced by the maximum allowable 40% discount, to reflect the mitigating factors, such as assisting the SRA with its investigation, early admissions and corrections.

Consequently, the basic penalty of £32,000 is reduced by the discount of 40%, arriving at £19,200 which the SRA agrees is appropriate and the firm agrees to pay.

Publication

4.6 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.

4.7 The SRA considers it appropriate that this agreement is published, as there are no circumstances that outweigh the public interest in publication and in the interests of transparency in the regulatory and disciplinary process to do so.

5. Acting in a way which is inconsistent with this Agreement

5.1 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. That may result in a further disciplinary sanction. 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 contained within the SRA Standards and Regulations 2019 (such SRA Principles having been in force since 25 November 2019).

6. Costs

6.1 The firm agrees to pay the costs of the SRA's investigation in the sum of £5,800. Such costs are due within 28 days of a statement of costs due being issued by the SRA.