

Statham Gill Davies
38 Wigmore Street, London , W1U 2RU
Recognised body
417602

[Agreement Date: 25 March 2025](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 25 March 2025

Published date: 26 March 2025

Firm details

Firm or organisation at date of publication

Name: Statham Gill Davies

Address(es): 38 Wigmore Street, London, W1U 2RU

Firm ID: 417602

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Statham Gill Davies (the firm), a Recognised body, authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

- a. Statham Gill Davies will pay a financial penalty in the sum of £24,498, 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. Statham Gill Davies will pay the costs of the investigation of £600, under Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Procedures 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 and subsequent investigation 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.

2.3 During the investigation, historic breaches of the Money Laundering Regulations 2007 (MLRs 2007), for conduct before the MLRs 2017 came into force, were identified too.

Customer due diligence measures and Client and Matter risk assessments

2.4 Between 6 October 2011 to 25 June 2017 failed to determine the extent of customer due diligence measures on a risk-sensitive basis, or be able to demonstrate to its supervisory authority that the extent of the measures is appropriate in view of the risks of money laundering and terrorist financing, pursuant to Regulation 7(3) of the MLRs 2007.

2.5 Between 26 June 2017 and July 2023, failed to conduct client and matter risk assessments (CMRAs), pursuant to Regulation 28(12)(a)(ii) and Regulation 28(13) of the MLRs 2017.

2.6 Between July 2023 and 26 April 2024, failed to adequately document client and matter risk assessments, pursuant to Regulation 28(16) of the MLRs 2017.

2.7 The firm has since confirmed it has reviewed all live files in-scope of the MLRs 2017 and updated them with respect to CMRAs. Further it has updated its policies, controls and procedures (PCPs), and staff training has taken place in respect of conducting and completing CMRAs and implementing the PCPs. The firm now meets the requirements of Regulations 28(12) and 28(13) of the MLRs 2017.

3. Admissions

3.1 The firm admits, and the SRA accepts, that by failing to comply with the MLRs 2007 and 2017, it has breached:

From 6 October 2011 to 25 November 2019 (when the SRA Handbook 2011 was in force) the firm 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 provisions of legal services.
- b. Principle 8 of the SRA Principles 2011 – which states you must run in 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 failed to achieve:

- c. 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 26 April 2024, the firm breached:

- d. 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 2019 – 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 SRA's Enforcement Strategy sets out its approach to the use of its enforcement powers where there has been a failure to meet its standards or requirements.

4.2 When considering the appropriate sanctions and controls in this matter, the SRA has taken into account the admissions made by the firm and the following mitigation:

- a. The firm took steps to rectify its failings and started documenting appropriate CMRAs on files and, in doing so, is now compliant with the MLRs 2017.
- b. The firm was acquired by a new firm in January 2025. The individuals holding the roles of MLCO/MLRO and COLP during the period of misconduct will no longer hold these roles at the new firm.
- c. At the time of the inspection, the firm's firm-wide risk assessment (FWRA), PCPs, and current CMRA template were found to be compliant with the MLRs 2017, so there was a lower exposure to ongoing risks.
- d. The firm has cooperated with the SRA's AML Proactive Supervision and AML Investigation teams.

4.3 The SRA considers that a fine is the appropriate outcome because:



- a. The conduct showed a disregard for 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 conducted and documented appropriate risk assessments on its clients and files on in-scope matters.
- b. It was incumbent on the firm to meet the requirements set out in the MLRs 2007 and 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.
- 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 solicitors do not comply with anti-money laundering legislation and their professional regulatory rules.

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, the SRA and the firm agree that the nature of the misconduct was more serious (score of three). This is because the firm failed to adequately assess, identify and document risk and thereafter conduct CMRAs on files until 2024, in breach of Regulations 7(3) of the MLRs 2007 and Regulation 28 of the MLRs 2017. This translated to a poor understanding of the risks posed by clients and their matters and resulted in insufficient scrutiny being applied to transactions.

5.3 The firm became compliant with the MLRs 2017, in respect of conducting and documenting CMRAs in April 2024, following receipt of our AML inspection notice in March 2024. The firm states it was already working with an external AML compliance company during receipt of our AML inspection notice, and in any event the firm's new PCPs were soon to be implemented in April 2024. The historic breach has arisen because of recklessness and a failure to pay sufficient regard to money laundering regulations and published guidance.

5.4 The firm has failed to ensure that it was fully compliant with its statutory obligations until 2024, a period of over six years since the MLRs

2017 came into effect and a period of over 16 years since the MLRs 2007 came into effect. This is aggravated by the firm having a process but staff not being trained on it and therefore not fully utilising it.

5.5 The impact of the harm or risk of harm is assessed as being low (score of two). This is because the nature of conveyancing is considered high-risk, owing to the risk of abuse of the system by criminals. However, we note the firm currently undertakes a small amount of conveyancing work in scope of the money laundering regulations. This puts it at a lower risk of being used to launder money, albeit it is noted that the firm are often handling high-value property transactions, and there is no evidence of there being any direct loss to clients or actual harm caused, as a result of the firm's failure to ensure it had proper documentation in place.

5.6 The 'nature' of the conduct and the 'impact of harm or risk of harm' added together give a score of five. This places the penalty in Band 'B', as directed by the Guidance.

5.7 We and the firm agree a financial penalty at the higher end of the bracket. This is because the firm have confirmed it put in place measures to ensure continuing and future compliance, reviewed all live in-scope files and ensured the necessary documentation has been placed on them, and trained staff on implementing the firm's CMRAs process.

5.8 Based on the evidence the firm has provided of its annual domestic turnover, this results in a basic penalty of £34,997.

5.9 The SRA considers that the basic penalty should be reduced to £24,498. This reduction reflects the mitigation set out at paragraph 4.2 above.

5.10 The firm does not appear to have made any financial gain or received any other benefit as a result of its conduct. Therefore, no adjustment is necessary, and the financial penalty is £24,498.

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 deny the admissions made in this agreement or act in any way which is inconsistent with it.

7.2 If the firm denies the admissions, or acts in a way which is inconsistent with this agreement, the conduct which is subject to this agreement may be considered further by the SRA. That may result in a disciplinary outcome or a referral to the Solicitors Disciplinary Tribunal on the original facts and allegations.

7.3 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 The firm 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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