



Enforcement Determination Notice

14 February 2024

Malcolm William McLean

Head of Legal Practice, Head of Finance and Administration, Money Laundering Reporting Officer, Manager and Director of Nelson McLean Limited (closed)

Main office: Bell House, Bells Lane, Tenterden TN30 6ES

Malcolm William McLean (the **Respondent**) was the Head of Legal Practice (**HoLP**), Head of Finance and Administration (**HoFA**), Money laundering Reporting Officer (**MLRO**), a Manager and Director of the former practice of Nelson McLean Limited (**NML**), which was an Alternative Business Structured (**ABS**) authorised and regulated by the Council for Licensed Conveyancers (**CLC**) at all material times until its closure on 31 October 2023.

The CLC issued the Respondent with a Warning Notice dated 25 September 2023 (the **Warning Notice**) setting out its intention and reasons for imposing a sanction. The Respondent responded to the Warning Notice on 23 October 2023.

After careful consideration of that response (and the response to the separate warning notice directed to NML), the CLC decided to impose the sanctions below for the reasons set out in the Warning Notice, and as outlined in this Enforcement Determination Notice. The CLC's decision, which includes extracts of the Respondent and NML's responses to their respective warning notices, is attached at Annex 1.

Determination details:

The CLC applies the following sanctions to the Respondent, in respect of breaches of the CLC's Code of Conduct and Handbook (collectively, the **CLC Codes**):

- a) financial Penalties totalling £18,400 pursuant to Paragraph 13.8 of the ABS Framework; and
- b) disqualification from employment and/or consultancy roles with any CLC licensed body pursuant to Paragraph 13.11 of the ABS Framework.

Summary of Facts:

The CLC investigated a complaint received from Person ■■■ relating to their abortive purchase of a property (the **Complaint**) from Client ■■■, a client of the Respondent and NML. Multiple breaches of the CLC Codes associated with the Complaint were found. The CLC therefore conducted a monitoring inspection of NML on 15 May 2023 (the **Inspection**), which revealed further breaches.

The Respondent was the HoLP, HoFA and MLRO of NML and its sole authorised person. He was ultimately accountable for ensuring compliance with the CLC Codes. The CLC has found that he failed to do so and considers that he breached:

- Overriding Principles 1, 2 and 3 of the Code of Conduct;
- Outcomes 1.1, 2.1, 2.2, 2.3, 3.1, 3.2 and 3.3 of the Code of Conduct;

- Principles 1(b), 1(c), 1(e), 1(l), 2(f), 2(g) and 2(i) of the Code of Conduct;
- Specific Requirements 1(m), 1(n) and 5(j) of the Code of Conduct;
- Outcome 5 of the Accounts Code (in force until 30 September 2020);
- Specific Requirements 9.1.2, 9.1.3, 9.1.4, 9.1.5, 9.1.6 and 12.2 of the Accounts Code (in force until 30 September 2020);
- Outcomes 1, 2, 3, 4 and 5 of the Anti-Money Laundering and Combatting Terrorist Financing Code (in force until April 2018) (the **former AML Code**);
- Specific Requirements 6, 7, 9(d), 9(e) and 12 of the former AML Code;
- Outcomes 1, 2, 3, 4 and 5 of the Anti-Money Laundering and Combatting Terrorist Financing Code (currently in force) (the **AML Code**).
- Specific Requirements 6, 7, 9(d), 9(e), 11(a), 11(c) and 12 of the AML Code.

Sanction rationale:

The imposition of financial penalties on the Respondent is appropriate and proportionate according to the CLC Financial Penalties Framework and Regulation and Enforcement Policy, for these reasons:

1. The Respondent's misconduct was 'high', in that it could be described as dishonest, lacking integrity, misleading, intentionally reckless and/or negligent. It was pervasive or systematic and he knew, or should have known, that he was acting improperly. He failed to self-report the Complaint and displayed a lack of transparency. These are significant aggravating factors in the Findings made against the Respondent.
2. The Respondent's misconduct was aggravated and wide-ranging. He breached numerous core duties expected of an accountable role holder in CLC licensed body and he failed to meet the standards expected of a CLC regulated role holder.
3. The misconduct inflicted 'significant harm' and/or was 'likely to cause significant harm' on the reputation of the profession. This harm, and public confidence in the profession, may be repaired by the Respondent's disqualification from employment/carrying on any consultancy roles in a CLC body, as well as the financial penalty.
4. The Respondent apparently acted on a frolic of his own in relation to many of the Findings. He circumvented NML's usual procedures and acted in breach of the CLC's Codes. Accordingly, the sanction for the core misconduct is most appropriately targeted against the Respondent (as the accountable individual for NML).
5. The sanction is proportionate and in the public interest. It creates a credible deterrent to other regulated role holders who might otherwise act similarly to the Respondent. It thereby mitigates the risk going forwards that such persons will breach the CLC's Codes in a way that harms the public and wider profession.

Publication:

Any enforcement determination of the CLC under the ABS Framework is published to ensure transparency in regulatory and disciplinary processes, unless the CLC considers that the reasons for non-publication outweigh the public interest.

Subject to any appeal, the CLC considers it is appropriate in the circumstances to publish this Enforcement Determination Notice (appropriately redacted in the interests of ensuring the privacy of interested parties).

ANNEX 1

After carefully considering the Respondent's responses to the proposed allegations and sanctions outlined in the Warning Notice, the CLC's decision and reasons for imposing the above sanction is outlined below:

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
1	<p>a) Between around December 2017 and around August 2018, you used the client account of Nelson McLean Limited (NML) to receive and/or make payments which were unconnected to any underlying transaction.</p> <p>b) In doing so, you:</p> <ol style="list-style-type: none"> i. breached Overriding Principle 1 and/or 2 of the Code of Conduct; ii. breached Principle 1(b) and/or 1(c) and/or 2(g) and/or 2(f) and/or 2(i) of the Code of Conduct; iii. failed to achieve Outcome 5 of the Accounts Code (in force until 30 September 2020); and/or iv. breached Specific Requirement 9.1.2 and/or 9.1.3 and/or 12.2 of the Accounts Code (in force until 30 September 2020). 	<p>The Respondent has responded to allegation 1 and 2 collectively. Regarding allegation 1, he submitted that, <i>"I accept that I used the client account to make or receive payments but these were connected to underlying transactions being loan agreements with [REDACTED] and [REDACTED], some investment agreements and the incentive payment from [REDACTED]."</i></p> <p>This limited response does not detail how each of the payments and receipts made, as listed in the client account ledger for Matter A, related to an underlying transaction. The CLC does not accept that these payments and receipts related to an underlying (conveyancing) transaction. In particular, numerous payments were made to [REDACTED] which describes its service online as a way to manage international payments and travel money. Further, there is no evidence that loan agreements entered into by Client A were connected to underlying conveyancing transactions (including in relation to GT and LT).</p> <p>The CLC are not persuaded by the Respondent's response and do not consider the allegation should be amended or withdrawn. Accordingly, the CLC imposes the following sanctions:</p> <ul style="list-style-type: none"> • Disqualification from employment and/or consultancy roles with any CLC licensed body; and • A global financial penalty of £13,000 for breaching the Code of Conduct and Accounts Code and based on Penalty Bracket 5 (High Conduct and High Impact assessments (£10,000) and increased by 30% for aggravating factors).
2	<p>a) Between around December 2017 and around August 2018, you used the client account of NML to receive and/or make payments related to the provision of</p>	<p>The Respondent has responded to allegation 1 and 2 collectively. Regarding allegation 2, he submitted that, <i>"I accept that the investment agreements were not a service regulated by the CLC and that I should have had regard to this."</i></p>

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
	<p>services which were not regulated by the Council for Licensed Conveyancers (CLC).</p> <p>b) In doing so, you:</p> <ul style="list-style-type: none"> i. breached Overriding Principle 1 and/or 2 of the Code of Conduct; ii. failed to achieve Outcome 1.1 and/or 2.1 and/or 2.3 of the Code of Conduct; iii. breached Principle 1(b) and/or 1(c) and/or 2(f) and/or 2(g) and/or 2(i) of the Code of Conduct; and/or iv. breached Specific Requirement 1(n) of the Code of Conduct; v. failed to achieve Outcome 5 of the Accounts Code (in force until 30 September 2020); and/or vi. breached Specific Requirement 9.1.3 of the Accounts Code (in force until 30 September 2020). 	<p>Although the CLC's finding is that the non-CLC regulated services performed by the Respondent were not limited to only "investment agreements", he has accepted the CLC's allegation as drafted. The CLC therefore considers the Respondent to have admitted this allegation.</p> <p>Accordingly, the CLC do not consider the allegation should be amended or withdrawn and the sanction imposed in respect of this finding (Finding 2) is included globally in the sanction outlined at Finding 1.</p>
3	<p>a) You acted outside NML's scope of practice by providing services to Client ■ which were not regulated by the CLC, in relation to the following persons on or around the following dates:</p> <ul style="list-style-type: none"> i. Person ■ from 10 April 2018 to 15 September 2024; ii. Person ■ on 22 September 2016; iii. Person ■ from 16 September 2016 to 05 October 2016; iv. Person ■, from 18 August 2016 to 30 September 2016; v. Person ■ on 08 August 2018; 	<p>The Respondent has submitted that, "I accept that I provided services not regulated by the CLC, but would dispute this in the cases of ■ and ■"</p> <p>The response by NML to allegation 3(a)(i) requested that the CLC reconsider the allegation since "at the time payment was made its receipt would have been part of services to client ■ which were regulated by the CLC".</p> <p>The CLC agreed with NML's submission. Although not made by the Respondent himself, the CLC applies the submission to his response to this allegation. Accordingly, the CLC amends the allegation by removing allegation 3(a)(i) and makes no finding in respect of it.</p>

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
	<p>vi. Person [REDACTED] from 11 January 2018 to 12 January 2018;</p> <p>vii. Person [REDACTED] from 10 January 2018 to 08 February 2018;</p> <p>viii. Person [REDACTED] from 01 February 2018 to 13 July 2018;</p> <p>ix. Person [REDACTED] from 02 February 2018 to 20 March 2018;</p> <p>x. Person [REDACTED] from 26 January 2018 to 27 February 2018;</p> <p>xi. Person [REDACTED] from 12 March 2017 to 16 March 2017;</p> <p>xii. Person [REDACTED] from 16 September 2016 to 13 October 2016;</p> <p>xiii. Person [REDACTED] on 25 February 2017;</p> <p>xiv. Person [REDACTED] from 09 April 2018 to 19 April 2018;</p> <p>xv. Persons [REDACTED] and [REDACTED] from 23 February 2017 to 15 March 2017; and/or</p> <p>xvi. Person [REDACTED] from 09 March 2017 to 19 May 2020.</p> <p>b) In doing so, you:</p> <p>i. breached Overriding Principle 1 and/or 2 and/or 3 of the Code of Conduct;</p> <p>ii. failed to achieve Outcome 1.1 and/or 2.1 and/or 2.3 and/or 3.1 and/or 3.2 and/or 3.3 of the Code of Conduct;</p> <p>iii. breached Principle 1(b) and/or 1(c) and/or 2(f) and/or 2(g) and/or 2(i) of the Code of Conduct; and/or</p> <p>iv. breached Specific Requirement 1(n) of the Code of Conduct.</p>	<p>In respect of the balance of the allegation and save for allegations 3(a)(viii) and 3(a)(ix), the Respondent has accepted the CLC's allegation as drafted. The CLC therefore considers the Respondent to have admitted this allegation.</p> <p>However, the Respondent has disputed that his services to Client [REDACTED] in respect of Person [REDACTED] and [REDACTED] were outside NML's scope of practice. This amounts to a denial of 3(a)(viii) and 3(a)(ix).</p> <p>Allegation 3(a)(viii) relating to Person [REDACTED]</p> <p>The work performed by the Respondent for Client [REDACTED] in respect of Person [REDACTED] included drafting and negotiating a loan agreement between Person [REDACTED] company as lender and Client [REDACTED] as borrower.</p> <p>There is evidence that the Respondent sent a draft loan agreement to Client [REDACTED] on 1 and 2 February 2018, which Client [REDACTED] then sent to his father, who then forwarded it to Person [REDACTED] on 5 February 2018 (pages 240, 245, 260 and 261, Bundle B). On 5 February, Person [REDACTED] accountant advised that the "agreement contains no reference to any security. As far as I can tell, this is an unsecured loan" (page 260, Bundle B). By email later the same day, timed at 16:36, the Respondent told Person [REDACTED] that Client [REDACTED] was "prepared to enter into a legal charge on [Property] in the form of the draft [agreement] attached" (page 259, Bundle B).</p> <p>There is no evidence on the matter file that the agreement was finalised or that a legal charge was ever secured over any real property in connection with the work performed for Client [REDACTED] in respect of Person [REDACTED]. The agreement was drafted and sent to Client [REDACTED] despite apparently not having been finalised. There was no evidence of any intention for the loan to be secured. Such work thereby fell outside the scope of CLC regulation. Accordingly, the CLC considers that the Respondent's work for Client [REDACTED] in respect of Person [REDACTED] fell outside the scope of CLC regulation.</p> <p>Allegation 3(a)(ix) relating to Person [REDACTED]</p> <p>The Respondent's work for Client DN in respect of Person [REDACTED] included drafting a loan agreement between Person [REDACTED] as lender and Client [REDACTED] as borrower.</p>

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
		<p>There is no evidence on the matter file that the work performed for Client ■ in respect of Person ■ was connected to an underlying conveyancing transaction. The loan, according to the agreement which remains unexecuted on the matter file, appears to have been unsecured. Accordingly, the CLC considers the Respondent's work in respect of Person ■ fell outside the scope of CLC regulation.</p> <p>Accordingly, the CLC do not consider the allegation should be amended or withdrawn (save for in respect of allegation 3(a)(i) as outlined above) and the sanction imposed in respect of this finding (Finding 3) is included globally in the sanction outlined at Finding 1.</p>
4	<p>a) Your conduct as set out in Allegation 3 was misleading and/or dishonest, in that:</p> <ul style="list-style-type: none"> i. you led Client ■ to believe that the services provided to Client ■ were within NML's scope of practice and/or regulated by the CLC; and/or ii. you led all or some of the Persons listed at Allegation 3(a)(i)(ii) to 3(a)(xvi) (save for the Persons listed at Allegations 3(a)(ii), 3(a)(v) and/or 3(a)(ix)) to believe that the services provided to Client ■ were within NML's scope of practice and/or regulated by the CLC. <p>b) In doing so, you:</p> <ul style="list-style-type: none"> i. breached Overriding Principle 1 and/or 2 and/or 3 of the Code of Conduct; ii. failed to achieve Outcome 1.1 and/or 2.1 and/or 2.3 and/or 3.1 and/or 3.2 and/or 3.3 of the Code of Conduct; 	<p>The Respondent has submitted that, "<i>I totally reject the allegation that my conduct was misleading and/or dishonest</i>". He has not given reasons or supporting evidence for this submission.</p> <p>The CLC are not persuaded by the submission. The Respondent acted dishonestly and misled Client ■ and all the Persons referred to in Finding 4(a)(ii). He did so when he corresponded with them using NML letterhead and email (which included reference to CLC regulation) when providing services not within NML's scope of practice and/or not regulated by the CLC.</p> <p>Accordingly, the CLC do not consider the allegation should be amended or withdrawn (save for in respect of allegation 4(a)(ii) to remove reference to allegation 3(a)(i) which has not been pursued above) and the sanction imposed in respect of this finding (Finding 4) is included globally in the sanction outlined at Finding 1.</p>

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
	<ul style="list-style-type: none"> iii. breached Principle 1(b) and/or 1(c) and/or 1(e) and/or 1(l) and/or 2(f) and/or 2(g) of the Code of Conduct; and/or iv. breached Specific Requirement 1(n) of the Code of Conduct. 	
5	<p>a) You allowed the client side of the client ledger for Matter A to go into in debit balance on various dates between around 22 June 2018 and around 31 January 2019.</p> <p>b) In doing so, you:</p> <ul style="list-style-type: none"> i. breached Overriding Principle 1 and/or 2 and/or 3 of the Code of Conduct; ii. failed to achieve Outcome 1.3 and/or 2.2 and/or 3.1 of the Code of Conduct; iii. breached Principle 1(h) of the Code of Conduct; and/or iv. breached Specific Requirement 9.1.2 and/or 9.1.4 and/or 9.1.5 and/or 9.1.6 of the Accounts Code (in force until 30 September 2020). 	<p>The Respondent has submitted that, <i>"I accept the client account for Matter A did go into debit balance but took steps to immediately rectify this as soon as I became aware of the position"</i>.</p> <p>The Respondent has accepted the CLC's allegation as drafted. The CLC therefore considers the Respondent to have admitted this allegation.</p> <p>Accordingly, the CLC do not consider the allegation should be amended or withdrawn and the sanction imposed in respect of this finding (Finding 5) is included globally in the sanction outlined at Finding 1.</p>
6	<p>a) On Matter A, you failed to hold the following funds to order pending exchange of contracts regarding the purchase of Property A by Person [REDACTED] from Client [REDACTED]</p> <ul style="list-style-type: none"> i. £67,000, received into the client account from Person [REDACTED] on or around 18 April 2018; and/or ii. £33,000 received into the client account from Person [REDACTED] on or around 20 April 2018. <p>b) In doing so, you:</p>	<p>The Respondent has submitted that, <i>"I totally reject the allegation. The payment was an incentive payment for [REDACTED] to enter into the contract with [REDACTED] for the purchase of Property A. There was no request to hold these monies. At no point did I agree to act for [REDACTED] in the matter. His assertion in this respect in the complaint form to you is total [sic] untrue."</i></p> <p>The CLC have seen no supporting evidence for this submission. There is no evidence that the funds which are the subject of this allegation were paid as an incentive to Person [REDACTED]. There is nothing to support the case that the Respondent was under no obligation to hold those funds. To the contrary, there is significant evidence that the</p>

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	<ul style="list-style-type: none"> i. breached Overriding Principle 1 and/or 2 of the Code of Conduct; and/or ii. breached Principle 1(a) and/or 1(b) and/or 1(c) and/or 1(l) and/or 2(g) of the Code of Conduct. 	<p>funds represented the deposit for Person █████ purchase of Property A. This includes Person █████ evidence, the evidence available (albeit limited) on the transaction file for Matter A, and the account ledger for Matter A obtained from NML. The account ledger shows the transaction narratives for the deposits made on 18 and 20 April 2018 were "Deposit Funds" and "Balance Deposit Funds" respectively.</p> <p>On that basis, and in accordance with the Special Conditions attached to the draft Contract (page 90, Bundle B), the Respondent's assertion that he was under no obligation to hold the funds is unlikely. It is inconsistent with the approach adopted in residential conveyancing transactions for established properties. There is no evidence that exchange of contracts ever occurred but the deposit funds were nevertheless released from NML's client account to Client █████. It is irrelevant whether or not the Respondent acted for Person █████ in such circumstances.</p> <p>Additionally, there is evidence that the Respondent entered into an agreement with Person █████ to repay the deposit funds to him. The Respondent made six repayments of £1,000 each to Person █████ during February and March 2021. Such actions indicate that the Respondent considered himself at fault for Person █████ lost funds and attempted to remedy the loss.</p> <p>Accordingly, the CLC do not consider the allegation should be amended or withdrawn and the sanction imposed in respect of this finding (Finding 6) is included globally in the sanction outlined at Finding 1.</p>
7	<p>a) You failed to obtain any, or any adequate, documentation verifying the source of funds received into the client account on the following matters:</p> <ul style="list-style-type: none"> i. Matter A; ii. Matter B, regarding the purchase of Property B; iii. Matter C, regarding the purchase of Property C; and/or iv. Matter D, regarding the purchase of Property D. 	<p>The Respondent has submitted that, "I accept this as far as Matter A is concerned and that I inadequately supervised the position in respect of Matters B, C and D".</p> <p>The Respondent has thus accepted allegation 7(a)(i) but contends that his failures in respect of allegations 7(a)(ii-iv) were supervisory failures. Although the CLC does not dispute that the Respondent's supervision of these matters was inadequate, the allegation does not allege such failures. Rather, the CLC alleged that the Respondent failed to comply with the Code of Conduct and AML Codes as the accountable individual and only authorised person working at NML.</p>

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
	<p>b) In doing so, you:</p> <ul style="list-style-type: none"> i. breached Overriding Principle 1 and/or 2 of the Code of Conduct; ii. failed to achieve Outcomes 1 and/or 2 and/or 3 and/or 4 and/or 5 and/or breached Specific Requirements 6 and/or 7 and/or 9(d) and/or 12 of the AML Code (in force until April 2018); and/or iii. failed to achieve Outcomes 1 and/or 2 and/or 3 and/or 4 and/or 5 and/or breached Specific Requirements 6 and/or 7 and/or 9(d) and/or 11(c) and/or 12 of the AML Code (currently in force). 	<p>Allegation 7(a)(i)</p> <p>The Respondent has accepted the CLC's allegation as drafted. The CLC therefore considers the Respondent to have admitted this allegation.</p> <p>Allegation 7(a)(ii)</p> <p>In the absence of the Respondent responding to the AML particulars of this allegation, it is appropriate to consider NML's response to its Warning Notice. NML asked the CLC to reconsider the allegation since "<i>the funds in question were not received into the [Licensed Body's (NML)] client account, being paid by the purchasing mother direct to her selling daughter</i>".</p> <p>Although most of the purchase funds were apparently not received into the client account, the client account ledger (page 278, Bundle D) confirms that purchase funds of £124,911 were received by NML for the transaction.</p> <p>The CLC accepts that the proposed allegation stated, "<i>funds received into the client account</i>". There is, however, no provision in the CLC's Codes or the Money Laundering Regulations 2017 (as amended) (the MLRs) for waiving the requirement to verify the source of funds in conveyancing transactions where the funds are not transferred through a legal practice's client account.</p> <p>Additionally, whether funds were received into the client account or transferred from buyer to seller directly is irrelevant for the purposes of the MLRs or Part 7 of the Proceeds of Crime Act 2002. In this high-risk matter, the Respondent should have conducted enhanced due diligence to ensure criminal property was not being converted or transferred with his assistance.</p> <p>This allegation has been amended to encapsulate the entirety of the misconduct in allegation 7(a)(ii). The misconduct included failing to obtain any, or any adequate, documentation verifying the source of funds which were <i>not</i> received into the client account, but which funded the transaction.</p>

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
		<p>Based on the evidence in the matter file, as well as the reasoning above, the CLC considers that the Respondent failed in his duty to obtain any, or any adequate, documentation verifying the source of funds.</p> <p>Allegation 7(a)(iii)</p> <p>In the absence of the Respondent responding to the AML particulars of this allegation, it is appropriate to consider communications between the CLC and the Respondent and NML's response to its Warning Notice.</p> <p>Following the inspection of 15 May 2023, in an email dated 8 June 2023 timed at 15:35 sent to the CLC's Inspector, the Respondent stated, "[Client] is the son of the director of [the Company] who are an established client. A check at Companies House shows that [the Company] have substantial assets".</p> <p>In its response, NML stated that, "<i>the funds in question were provided by the father of one of the clients using funds held by the father's property development company, which was an existing client of the [Licensed Body (NML)] and for which satisfactory ID and AML checks had been carried out.</i>" The CLC understands "AML checks" to mean source of funds verification in the context of NML's comments.</p> <p>The transaction file (pages 533-933, Bundle D) contained the Purchase Questionnaire completed by the clients. The questionnaire outlined that the purchase would be funded by 1) a "<i>gift from parents</i>" and 2) "<i>Family Trust and ISA investments</i>". It also contained:</p> <ul style="list-style-type: none"> • the Financial Accounts for the father's company (the Company) for the year end 31 August 2016, but not any more recent financial information. • a Barclays online banking screenshot for the father's accounts, showing two accounts with significant funds, as well as a statement for the Family Trust which showed large transfers being received. Details of the provenance of the funds in the accounts and Family Trust were not obtained. There are no details to confirm the source of the funds used in the transaction.

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
		<p>The Legal Sector Affinity Group (LSAG) Guidance at paragraph 6.2 confirms that, <i>“There is no provision in the Regulations for waiving CDD requirements on the basis of longstanding or personal relationships. Taking this approach will not satisfy the requirement to undertake independent verification, though these factors may inform your risk-based approach.”</i> The CLC, as a member of LSAG, expects its members to follow the LSAG Guidance, which was approved by HM Treasury in July 2022 (prior to instructions being received in this matter).</p> <p>The matter completed on 26 April 2023. On 30 May 2023 Mrs Nelson wrote to the client stating (page 704, Bundle D), <i>“We had an anti-money laundering inspection on Monday 15 May 2023 by our regulator acting on behalf of HM Government. The inspector has flagged your purchase file and said that we have not done enough investigation as to where your share of the money from the trust fund came from. Would you please send us statements showing funds going in and out of the trust fund and demonstrate exactly where the money came from in the first place. In addition we need to do further AML checks on you personally. I will arrange for a link from Third Fort to be sent to you to achieve this.”</i></p> <p>The appropriate time to conduct source of funds/wealth checks was prior to exchange of contracts. Mrs Nelson contacted the client following completion seeking to verify <i>“exactly where the money came from in the first place”</i>. This is tacit acceptance that the appropriate checks were not completed at the appropriate time.</p> <p>Accordingly, based on the evidence in the matter file, as well as the reasoning above, the CLC considers that the Respondent failed in his duty to obtain any, or any adequate, documentation verifying the source of funds in this high-risk matter.</p> <p>Allegation 7(a)(iv)</p> <p>In the absence of the Respondent responding to the AML particulars of this allegation, it is appropriate to consider prior communications between the CLC and the Respondent and NML’s response to its Warning Notice.</p> <p>Following the inspection of 15 May 2023, in an email dated 8 June 2023 timed at 15:35 to the CLC’s Inspector, the Respondent stated on behalf of NML that, “[The</p>

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
		<p>Company] is an established client and again checks at Companies House showed that the company client held substantial assets but no evidence of source of funds was obtained for this cash purchase".</p> <p>Additionally, NML stated in its response that, "the funds in question were provided by the client company, a long established and successful local business well known to the [Licensed Body (NML)] and whose annual accounts clearly showed ample funds from which the transaction could be funded".</p> <p>The CLC relies on the LSAG Guidance as summarised above. The CLC are not persuaded by the response from the Respondent or NML, not least because simply showing annual company accounts with ample funds does not demonstrate the source of the funds. No bank statements showing the company's source of funds were contained in the matter file (pages 994-1372, Bundle D).</p> <p>Based on the evidence in the matter file, as well as the reasoning above, the CLC considers that the Respondent failed in his duty to obtain any, or any adequate, documentation verifying the source of funds in this high-risk matter.</p> <p>Summary</p> <p>The CLC do not consider the allegation should be withdrawn but that it should be amended as outlined within this finding. Accordingly, a financial penalty of £5,400 is imposed for numerous breaches to the CLC's Code of Conduct and AML Code and based on Penalty Bracket 4 (High Conduct and Medium Impact assessments (£4,500)) and uplifted by 20% for the Respondent's failure, as the sole accountable individual working at NML and its MLRO, to ensure compliance and prevent the systemic AML programme deficiencies demonstrated by Findings 7 and 9.</p>
8	<p>a) During the period NML acted for Client DN, you failed at any time prior to 15 December 2020 to:</p> <p>i. Obtain Client [REDACTED] identification documents; and/or</p>	<p>The Respondent has submitted that, "this [allegation] is rejected. I had prior to 15 December 2020 seen [REDACTED] identification documentation. [REDACTED] was someone I had met on many occasions and his identification had been verified".</p>

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
	<ul style="list-style-type: none"> ii. Verify Client [REDACTED] identification documents. <p>b) In doing so, you:</p> <ul style="list-style-type: none"> i. breached Overriding Principle 1 and/or 2 of the Code of Conduct; ii. failed to achieve Outcomes 1 and/or 2 and/or 3 and/or 4 and/or 5 and/or breached Specific Requirements 6 and/or 7 and/or 9(d) and/or 12 of the AML Code (in force until April 2018); and/or iii. failed to achieve Outcomes 1 and/or 2 and/or 3 and/or 4 and/or 5 and/or breached Specific Requirements 6 and/or 7 and/or 9(d) and/or 11(a) and/or 12 of the AML Code currently in force. 	<p>The Respondent has not provided any supporting evidence for this submission. There is no evidence in the file for Matter A, or anywhere else, of him having obtained and/or verified Client [REDACTED] identification documents prior to 15 December 2020.</p> <p>The CLC do not consider the allegation should be amended or withdrawn and the sanction imposed in respect of this finding (Finding 8) is included globally in the sanction outlined at Finding 7.</p>
9	<p>a) You failed to complete matter and/or client-based risk assessments on the following matters:</p> <ul style="list-style-type: none"> i. Matter A; ii. Matter B; iii. Matter C; iv. Matter D; and/or v. Matter E, regarding the sale of Property E. <p>b) In doing so, you:</p> <ul style="list-style-type: none"> i. breached Overriding Principle 1 and/or 2 of the Code of Conduct; ii. failed to achieve Outcomes 1 and/or 2 and/or 3 and/or 4 and/or 5 and/or breached Specific Requirements 6 and/or 7 and/or 9(e) of the AML Code (in force until April 2018); and/or iii. failed to achieve Outcomes 1 and/or 2 and/or 3 and/or 4 and/or 5 and/or breached Specific 	<p>The Respondent has submitted that, <i>"This [allegation] is accepted so far as Matter A is concerned but not with regard to the other matters. The risk assessment on matter E was carried out by myself [sic] on a continuing basis having met the client on a number of times. I accept that the written risk assessment had not been completed on file of Matter E"</i>.</p> <p>Allegation 9(a)(i)</p> <p>The Respondent has accepted the allegation as drafted. The CLC therefore considers the Respondent to have admitted this allegation.</p> <p>Allegations 9(a)(ii) to 9(a)(v)</p> <p>The requirement to perform matter and/or client-based risk assessments in conveyancing matters has been in place since 26 June 2017 pursuant to regulation 28(12) of the MLRs.</p> <p>The Respondent has not provided any evidence to support his submission. The matter files for Matters B, C, D and/or E contain no evidence that he conducted matter</p>

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
	<p>Requirements 6 and/or 7 and/or 9(e) of the AML Code currently in force.</p>	<p>and/or client-based risk assessments. He has conceded that any assessment of risk conducted on Matter E was not recorded.</p> <p>Accordingly, the CLC do not consider the allegation should be amended or withdrawn and the sanction imposed in respect of this finding (Finding 9) is included globally in the sanction outlined at Finding 7.</p>
10	<p>a) Around 15 December 2020, you certified the following documents of Client [REDACTED] without sight of the original versions:</p> <ul style="list-style-type: none"> i. Their passport; and/or ii. Mortgage statement. <p>b) In doing so, you:</p> <ul style="list-style-type: none"> i. breached Overriding Principle 1 and/or 2 of the Code of Conduct; ii. breached Principle 1(a) and/or 1(b) and/or 1(c) and/or 2(g) and/or 2(j) of the Code of Conduct; and/or iii. failed to achieve Outcomes 1 and/or 2 and/or 3 and/or 4 and/or 5 and/or breached Specific Requirements 6 and/or 7 of the AML Code currently in force. 	<p>The Respondent has submitted that, <i>"I had previously seen [REDACTED] passport and was able to certify it. I accept that I had not seen the original mortgage statement."</i></p> <p>As outlined above at Finding 8, there is no evidence in the file for Matter A that the Respondent obtained and/or verified Client [REDACTED] identification documents prior to 15 December 2020. He has provided no supporting evidence for his submission that he had previously seen Client [REDACTED] passport and was able to certify it.</p> <p>Accordingly, the CLC do not consider the allegation should be amended or withdrawn and the sanction imposed in respect of this finding (Finding 10) is included globally in the sanction outlined at Finding 1.</p>
11	<p>a) You made the following comments in emails to Person [REDACTED]</p> <ul style="list-style-type: none"> i. On 12 November 2020, you stated <i>'I said that I regarded such demands by you as extortion and was making a referral to the police accordingly'</i>; 	<p>The Respondent has submitted that, <i>"In hindsight I should have pursued the matter with the police and will now do so"</i>. He advanced an account in which he claimed he <i>"was the one being intimidated"</i>.</p> <p>This submission confirms that, prior to receiving the Warning Notice, the Respondent had not reported the matter to the Police. This contradicts what he had told Person [REDACTED]. The Respondent has thus effectively admitted the allegation.</p>

Finding #	CLC's Findings	Respondent's Response and Sanction Imposed
	<ul style="list-style-type: none"> ii. On 08 April 2021, you stated <i>'I have now reported the matter to the police so that if there are further repercussions they will know you are the party responsible'</i>; and iii. On 08 September 2021, you stated <i>'I have previously reported your conduct toward me to the police and at that time requested that they retain a record of the report and take no action against you'</i>. iv. On 11 March 2022, you stated <i>'I believe I should now refer this to the Police'</i>. <p>b) Your comments as set out in Allegation 11(a)(i), (ii) and/or (iii) were misleading and/or dishonest, in that you knew you had not reported Person █████ to the Police; and/or</p> <p>c) Your comments as set out in Allegation 11(a)(i), (ii), (iii) and/or (iv) were lacking in integrity, in that you were attempting to intimidate Person █████</p> <p>d) In doing so you:</p> <ul style="list-style-type: none"> i. breached Overriding Principle 1 of the Code of Conduct; and/or ii. breached Principle 1(a) and/or 1(b) and/or 1(c) and/or 1(l) and/or 2(g) of the Code of Conduct. 	<p>Accordingly, the CLC do not consider the allegation should be amended or withdrawn and the sanction imposed in respect of this finding (Finding 11) is included globally in the sanction outlined at Finding 1.</p>
12	<p>a) Your conduct lacked integrity in respect of:</p> <ul style="list-style-type: none"> i. Allegation 1; ii. Allegation 2 iii. Allegation 3; iv. Allegation 4; 	<p>The Respondent has stated that this allegation is <i>"completely denied"</i>. He has provided no reasons or supporting evidence for his denial. The CLC therefore concludes that no evidence exists to disprove this allegation.</p> <p><i>Malins v SRA [2018 ECWA Civ 3666]</i> is authority for the principle that integrity entails adherence to the <i>"higher standards which society expects from professional persons"</i></p>

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	<ul style="list-style-type: none"> v. Allegation 5; vi. Allegation 6; vii. Allegation 7; viii. Allegation 8; ix. Allegation 9; x. Allegation 10. <p>b) In conducting yourself in this manner, you breached Overriding Principle 1 of the Code of Conduct.</p>	<p><i>and which the professions expect from their own members". This "connotes adherence to the ethical standards of one's own profession" and is linked to the way a particular profession professes to serve the public.</i></p> <p>Under Findings 1 through 10, the conduct of the Respondent fell significantly below the high standards expected from those regulated by the CLC. His misconduct persisted across several matters, was sustained over time, was reckless, disregarded the CLC's standards, brought the reputation of CLC bodies into disrepute, and has undermined public confidence in the profession. It inflicted significant financial loss and personal distress on Person [REDACTED]. Such conduct lacks integrity.</p> <p>Accordingly, the CLC do not consider the allegation should be amended or withdrawn and the sanction imposed in respect of this finding (Finding 12) is included globally in the sanction outlined at Finding 1.</p>