



# CILPA AML Outreach

Legal Sector Risks and CARA Registration

26 June 2019

# The Perceptions of the Perpetrators...



1. The use of the legal professionals can provide a veneer of respectability to the client's activity and access to the legal professional's client account is attractive to criminals.
2. Legal professional privilege/professional secrecy will, (a) delay, (b) obstruct, or (c) prevent, investigation or prosecution by authorities if they utilise the services of a legal professional.

# General Legal Sector Risks Considered by FATF

- Do the police and prosecutors have the right to investigate transactions that touch legal professionals' client accounts?
- Are the use of certain investigative techniques (e.g. wire tapping) forbidden when communications involve legal professionals?
- Do the legal professionals have direct access to employees who can establish companies or accounts without any suspicion?
- Do legal professionals who have crossed the line have access to other professionals who can help layer and conceal proceeds of crime involved in money laundering transactions?

# Specific Vulnerabilities for the Legal Sector

<b>Transactional</b> <ul style="list-style-type: none"><li>• Purchase and sale of real estate</li><li>• Formation / restructuring of companies / trusts</li><li>• Liquidations</li><li>• Probate</li><li>• Working for charities</li><li>• Tax advice</li></ul>	<b>Country</b> <ul style="list-style-type: none"><li>• Non-equivalent jurisdictions</li><li>• Sanctioned jurisdictions</li><li>• Neighbouring jurisdictions</li></ul>
<b>Client</b> <ul style="list-style-type: none"><li>• Politically Exposed Persons</li><li>• High Risk Residence</li><li>• High Risk Industry</li></ul>	<b>Delivery channel risk</b> <ul style="list-style-type: none"><li>• Unknown clients / introducers</li><li>• General inbox communications</li><li>• Historically non reputable introductions</li></ul>

# Understanding Risks through SARs

FRA Annual Report for 2018 – Top Offences Reported in SARs

Reason	%
Suspicious Activity	31%
Fraud	26%
Corruption	12%
Money Laundering	9%
Tax Evasion	7%
Declined Business	4%
OFAC / Sanctions	3%
Regulatory Matters	2%
Drug Trafficking	2%
Others	4%
Total	100%

# Cayman Attorneys Regulation Authority

## Registration Period

1 to 31 August 2019



## Requirement for Registration

Section 55F of the AMLRs

Every person who carries on, or intends to carry on business as a DNFBP in or from within the Islands shall submit to the Supervisory Authority designated for that DNFBP:

- (a) a written declaration that the person carries on or intends to carry on business as a DNFBP; and
- (b) the registration information required under regulation 55E(2).