



Anti Money Laundering

Online AML compliance

Cooperation among a dozen or more major London law firms to create an online training course for Anti Money Laundering has developed into a training system covering this, and other, essential aspects of risk management.

By Fraser Ashman, partnership secretary, CMS Cameron McKenna

People outside our profession are often amazed by the idea of a group of senior lawyers and others from major firms coming together to cooperate on an issue.

Perhaps because lawyers are usually seen as competitive, and even sometimes combative, the idea that a group would get together and share their experiences and concerns to create a common standard and a portfolio of training programmes for compliance, in a number of areas,

might seem unusual to say that least. However, over the past few years, working on the principal that there is no competitive advantage in being the most compliant with regard to regulations such as Anti Money Laundering (AML), a group of firms has been doing just that.

December 2007 saw the introduction of the EU's third directive on AML, and this development, among others, in the regulatory environment, means this group is seeing the work it

started almost five years ago develop in a way in which it would never have imagined.

The Online Compliance Consortium (OCC), as it is known, was founded in 2004, and now has over 100 firms using the courses, including Clifford Chance and Latham & Watkins. The core group of firms, such as Allen & Overy, Linklaters, and my own firm, CMS Cameron McKenna, develops training programmes, and then offers these to other firms across the country and beyond.

When the group was first formed, Lovells had been using a company called VinciWorks, which was lead by a qualified solicitor, Howard Finger, for other online training products. It was therefore decided to bring VinciWorks in to help in the development of the new online AML course. Now OCC training programmes are disseminated to members and others online through a website managed by the company.

With the growth, not only of law and regulation concerning anti-money laundering, but also the increased burden of compliance and the commercial drive for high standards of risk management; carefully-devised and well-researched training, which can improve awareness and understanding of this growing area of the law and practice, is proving to be of growing interest to a wide variety of firms.

Background

Our involvement at CMS Cameron McKenna began when a couple of partners returned from a meeting of the City of London Law Society, where a move to establish a sub-group of Money Laundering Reporting Officers (MLROs) – to make representations on the regulations and changes in the law – had been discussed. We could see clear benefits in being part of such a group and I joined with enthusiasm.



The process was undertaken with great openness and candour – something we felt was essential to produce comprehensive and accurate training modules.

At that time the 2003 regulations on Money Laundering were due to come into force, and MLROs from 20 of the top London firms were gathered together under the leadership of Nick Cray, chief executive officer at Lovells, to create a 'core' group of 14, whose role would be to develop a training course on the Proceeds of Crime Act 2002 and the Anti Money Laundering Regulations 2003.

This core group of firms would continue to exchange views on developments, and making representations to Government through the Law Society and City of London Law Society.

The process was undertaken with great openness and candour – something we felt was essential to produce comprehensive and accurate training modules. Individual members produced sanitised versions of their experiences to make the case studies more tangible, and based on real life rather than just theory.

The seriousness of the issues, and potential risks in not carrying out the requirements correctly, helped

create an atmosphere of mutual trust and full cooperation. It resulted in a standardised, potentially industry-wide training syllabus.

National expansion

Given the membership of this initially *ad hoc* group it was perhaps natural it should focus primarily on the activities and requirements of large, London-based law firms. But with a wider variety of new firms realising the value of using an industry-standard training package that is practical and easily accessible, the number and type of firms using OCC products has since widened to include firms located right across the country. One particularly noticeable trend is the number of smaller firms that are increasingly using our online training programmes to protect themselves against money laundering.

In response to this development, the OCC is now taking into account these new areas of demand for the courses it develops. The needs and experiences of these smaller firms, and those practices operating in the

provinces, are now considered when new training modules are created and existing modules updated.

As they are provided online, these courses are particularly accessible and flexible. Instead of taking a day out of the office to attend a lecture, seminar or exam, fee-earners and other staff can log on and complete the course at their desks, breaking off and returning according to the demands of fee-earning. This ease of use is appreciated among large firms, but in smaller firms with fewer staff, it is even more appealing.

To help with this involvement with smaller firms nationwide, and the raising of awareness of the courses developed by the OCC, I introduced LawNet, the network of smaller law firms. CMS Cameron McKenna has an arrangement with LawNet, whereby it provides London-based services for their member firms throughout the country – in return for support when we have clients who don't need to use a London firm with London prices.

Although our first OCC meetings didn't envisage courses that would be used by solicitors working in Leamington Spa and Cambridge, among other places, as well as Prague, Paris or Madrid, looking back the essential elements of this flexibility and potential for development were there from an early stage.

International awareness

We did want an international dimension from the outset, however. Then, as now, although the founding firms are all headquartered in the UK; look to UK regulations; and behave according to those standards, many of the places in which these firms operate don't require the same standards as a matter of local law.

To take the case of my own firm, for instance: CMS Cameron McKenna has a strong presence in Eastern Europe. Most of our jurisdictions are now members of the EU, so the same EU directives apply to them

but, in practice, there are still cultural differences, and the pace of change and implementation varies from country to country. In these member states the law is being enacted in different ways.

on risk management, completed in September 2007. To take some of the burden from core group members, we have used the services of a Liverpool-based firm of solicitors called Legal Risk, which specialises in this area.

understood, and are then managed. Checking that all important issues and variables are understood by both the client and the firm, and ensuring, for instance, that there is no conflict of interest that could force the firm to withdraw from the work, are of great importance.

Failure to do this can result not only in an irritated, disappointed client but can also, potentially, lead to claims for compensation or regulatory sanctions.

These are issues that could affect smaller firms as well as the OCC members who have been working on the course. Indeed, there has been a realisation there might well be a higher likelihood of relatively smaller firms becoming the victim of money-laundering activity, as they may have fewer resources to deploy in this area.

If a smaller firm's MLRO is a partner, he may find it difficult to devote the necessary time to getting to grips with all the relevant legislation and best practice in this area – and criminals might well be alert to this possibility.

Keeping up with increasing regulations, and remaining one step ahead of those seeking to misuse law firms, are two increasingly tough challenges for practitioners of all sizes and specialities. When it first started

We haven't created completely different courses for each jurisdiction, but it is acknowledged that the law doesn't operate in exactly the same way in each.

In the Czech Republic, for example, reports of money-laundering suspicions don't go to the MLRO, and then to the equivalent of our Serious Organised Crime Agency. Instead, they are reported by the individual to the local Bar. It's then for the local Bar to take responsibility for reporting relevant information to the international intelligence unit.

Recognising such differences was very important, and our modules take them into account. We haven't created completely different courses for each jurisdiction, but it is acknowledged that the law doesn't operate in exactly the same way in each.

A growing distribution network is an indication of how confident the OCC feels with the usefulness of the course content produced, and how keen its members are to see this industry standard course rolled out as widely as possible.

Third-party sale was not a consideration of the core firms as the course was created, but seeing an income flow, we decided the fees generated by sales of the courses would be pooled so that future development work could be funded from this source.

Wider risks

Following the success of its AML course, the OCC has established another core group of firms, which has now moved on to produce a course

They created a skeleton that the risk-management core group reviewed, and developed in detail, to produce a course looking at the major facets of managing risk in a legal practice.

An essential part of the risk-management course is to encourage fee-earners and others to realise that risk management isn't just a set of rules to trip them up and add to their workload. Instead, it is a tool for improving the way firms run and has genuine benefits for all; for instance, when it comes to establishing good, clearly-understood relationships with clients.

Properly implemented, risk management is about delivering a service that is efficient and runs smoothly on a day-to-day basis with no unpleasant surprises – for

We did want an international dimension from the outset.

example, avoiding having to explain to the client why the original fee estimate has increased because it hadn't been estimated correctly in relation to the work actually required.

The aim of this new risk-management course is to enable those who take it to be able to deal with the law in a commercial context, including taking on a client and ensuring that risks (including money laundering) have been assessed and

back in 2003, this cooperation between firms might have seemed like an unusual step, but experience has shown that for solicitors' practices, whatever their size or geographical location, working together in this area pays handsome dividends. ■

Fraser Ashman is partnership secretary at CMS Cameron McKenna. He can be contacted at fraser.ashman@cms-cmck.com