



## KNOW WHERE YOUR CLIENT'S MONEY COMES FROM

Criminals may use your business for money laundering and terrorist financing.

BE aware where the money comes from

ACT on your instinct

DISRUPT crime

## LEGAL PRACTITIONERS ARE PARTNERS AGAINST CRIME

The effectiveness of the criminal justice system and the wider fight against financial crime depends on a compliant business community, including legal practitioners.

Legal practitioners such as attorneys, notaries and conveyancers play a pivotal role in assisting in the fight against financial crime as they act as gatekeepers and are an invaluable source of transactional and customer information.

The first step in playing their part is by registering with the Financial Intelligence Centre (FIC) which will allow legal practitioners to file regulatory reports, which include transactional and other client information.

The second step is to submit regulatory reports in line with their Financial Intelligence Centre Act (FIC Act) obligations – filing cash threshold reports (CTRs) and suspicious and unusual transaction reports (STRs) to the FIC.

Filing STRs serve to alert the FIC of a suspicion that the customer may be using the legal practitioner's services to launder money.

What happens to the regulatory report once it is filed to the FIC?

Regulatory reports may include information about the client's financial transactions, amounts involved, bank account details and account balances. The FIC uses regulatory reports it receives to conduct analysis to identify possible links to unlawful activities.

The intelligence the FIC produces, following its analysis, may contain descriptions of the transactions or activities relating to the financial conduct of the client. The analysis could further reveal how transactions or activities are linked to other persons. The FIC does not itself conduct investigations or prosecutions and thus, the intelligence produced is provided to the relevant law enforcement agencies for further action and/or investigation if necessary.



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By filing regulatory reports, legal practitioners play an important role in fighting financial crime. Of the 6.2 million regulatory reports the FIC received in the 2019/20 financial year, attorneys filed a total of 2 254. The vast majority of these were cash threshold reports (2 549) while 205 were suspicious and unusual transaction reports (STRs).

The FIC conducts inspections on legal practitioners from time to time to determine whether members of the sector are complying with their FIC Act obligations. Administrative sanctions can be imposed by the supervisory body if serious and extensive non-compliance is detected. The sanctions are issued in proportion to the nature, seriousness and extent of the non-compliance, and considers mitigating factors.

The sanctions may include:

- A caution not to repeat the conduct that led to the non-compliance
- A reprimand
- A directive to take remedial action
- The restriction or suspension of certain business activities
- A financial penalty of up to R10 million for a natural person and R50 million for a legal person.

By reporting and fulfilling their other FIC Act compliance obligations, legal practitioners play a meaningful role in helping to protect the integrity of South Africa's financial system. In this way, the sector ensures that it does not fall foul of the country's anti-money laundering and terrorist financing regulations.

For more information on reporting and other compliance obligations visit [www.fic.gov.za](http://www.fic.gov.za).

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With the publishing of this article the FIC has concluded the awareness campaign targeting the legal practitioners.

Aimed at equipping legal practitioners with the tools and know how to help identify and mitigate the risk of financial crime, the FIC published industry insights and guides on



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how to deal with money laundering in the sector.

The FIC produced and published articles, posters, podcasts, videos and other information on a dedicated campaign page on its website ([www.fic.gov.za/campaign](http://www.fic.gov.za/campaign)). Legal practitioners and role players in the sector can find out about the campaign on the FIC website and the FIC LinkedIn page.

For queries related to the campaign, please e-mail [communications@fic.gov.za](mailto:communications@fic.gov.za). To learn more about the compliance responsibilities of legal practitioners visit [www.fic.gov.za](http://www.fic.gov.za) or call the FIC's compliance contact centre on 012 641 6000.