

The Legal Quality Standard of Ireland



JULY 2025 - ARTICLES & ITEMS OF INTEREST

CREDIT UNION IN DONEGAL FINED €36,273 FOR AML BREACHES

On the 2 July 2025 the Irish Legal News published an article stating the Central Bank of Ireland fined a credit union in Co. Donegal €36,273 for breaching provisions of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 and the Credit Union Act 1997 over a seven and a half year period.

The Central Bank's investigation found that Swilly Mulroy operated a practice of soliciting and accepting cash from depositors who did not hold accounts with the credit union.

This money would then be electronically transferred to a branch of a local bank, without first being deposited in an account in the customer's name at Swilly Mulroy.

As a result, Swilly Mulroy failed to conduct the necessary anti-money laundering checks on the depositors and the transactions.

The investigation found that Swilly Mulroy operated in this way between 2 January 2014 and 30 June 2021, during which time it processed €8,751,694 in deposits from 2,329 cash lodgements.

The board of Swilly Mulroy was aware of the risks associated with the practice from 2015 but failed to act on its risk management obligations under the 1997 Act.

A new management team ceased the practice in 2021 and subsequently brought it to the attention of the board.

However, the issue was not brought to the Central Bank's attention and was instead discovered in 2022 during an inspection by the Central Bank's anti-money laundering division.

The Central Bank went on to commence an enforcement investigation in 2023.

To read this article in full see <https://www.irishlegal.com/articles/central-bank-fines-donegal-credit-union-for-aml-breaches>

THE ROLE OF THE REGULATION OF PRACTICE COMMITTEE

In the July edition of the Law Society Gazette, Ireland, Garry Clarke, Chair of the Law Society's Regulation of Practice Committee, states how the committee has a crucial role in maintaining professional standards, and an even more important one in supporting solicitors as they juggle the many demands of legal practice.

The committee has two primary functions: to administer the Law Society's Compensation Fund and to oversee the profession's compliance with regulations regarding accounts, anti-money laundering, and other regulatory requirements under the Solicitors Acts not assigned to other regulatory committees.

While Garry acknowledges the strict regulations in place to protect clients, he also believes that the profession, overall, is highly compliant. Of the approximately 12,000 practising solicitors in Ireland, only 68 complaints were upheld against solicitors by the LSRA in their last report. Instances of dishonesty or mismanagement are rare, with most complaints stemming from human error rather than intentional misconduct.

Some of the areas discussed in the article include support, succession, evolution and AML.

Support - Garry states 'Many firms face difficulties when the pressures of running a business, alongside the complexities of legal work, become overwhelming. Issues such as bookkeeping errors, missed deadlines, or staff turnover can lead to problems, which are often exacerbated by mental-health challenges. Solicitors, particularly sole practitioners, often experience significant isolation and work-related stress.

For this reason, the committee welcomes an increasing focus on the wellbeing of solicitors, since maintaining psychological health is crucial for sustaining a successful legal practice. The committee's approach involves helping practitioners in difficulty to identify and address personal and professional challenges, offering peer support through a personal, non-bureaucratic process.'

Succession - Succession planning - Garry believes that there should be a full ten-year run-in to any retirement schedule. While it is important to plan for an exit, many do not think about it early enough. Garry speaks about how that the committee has introduced initiatives such as the Practice Advisory Service and discusses how some firms should consider merging.

Evolution - There has been a real effort to move away from the 'us v them' mentality, and to promote effective regulation by the Law Society by engaging in closer discourse with practitioners.

AML – Garry states 'the reality is that solicitors are struggling to come to terms with their obligations under AML legislation. That is why Tina Beattie, who has a background in regulation and education, has been appointed as head of AML, to address this challenge. "AML compliance is really serious if you do not do it properly, it is a criminal offence, and you could also unwittingly allow illicit funds wash through your client account. All the staff in your office, including your support staff, need to know about it, be engaged with it, and take responsibility for compliance."'

To view this article in full see <https://www.lawsociety.ie/globalassets/documents/gazette/gazette-pdfs/gazette-2025/july-2025-gazette.pdf#page=49>

UK PUBLISHES ITS 4TH NATIONAL RISK ASSESSMENT OF MONEY LAUNDERING AND TERRORIST FINANCING

On 17 July 2025, the Law Society of Northern Ireland advised that the UK has published its 4th National Risk Assessment (NRA) of Money Laundering (ML) and Terrorist financing (TF), jointly developed by HM Treasury and the Home Office.

The NRA draws on information collected by the Government, supervisors, law enforcement agencies, and the private sector. This updated assessment takes account of the latest developments and information since the previous publication in 2020.

The NRA is an essential tool in ongoing efforts to tackle money laundering and terrorist financing, providing a clear and comprehensive assessment of the current and emerging threats. It sets out how criminals try to move illicit funds through the UK and the risks this poses.

For the regulated sector, including solicitor firms, it provides essential insight into how their services may be exploited for illicit purposes, and guidance on how these threats can be identified and mitigated. Pages 118 to 121 of the report deal with Legal Service Providers.

Headline findings include:

- The UK continues to be exposed to a high level of money laundering risk. Since 2020, the wider context has shifted due to increasing global insecurity, which has altered the risk landscape and the methodologies used by criminals.
- There is growing convergence between money laundering, kleptocracy, and sanctions evasion. Sanctioned entities and individuals have sought to obscure links to their funds by exploiting established money laundering networks.
- Risks associated with cash-based money laundering in the UK remain high, including cash smuggling and the use of money mules and the exploitation of legitimate channels for inserting criminal proceeds into the banking system.
- The terrorist financing threat in the UK continues to be characterised by low levels of funds, often raised for basic living costs, low sophistication attacks, or for sending overseas for terrorist causes.
- Terrorist financing continues to exploit a wide range of mechanisms, both illicit and legitimate, increasing the potential for regulated sectors to be used to generate, store, move, and access funds for terrorist purposes.

To view this article with the link to the report see <https://lawsoc-ni.org/news/nra-of-money-laundering-and-terrorist-financing-2025-published>

AML BREACHES – LONDON FIRM FINED £78,000

On the 15 July 2025, the Law Society of England and Wales published an article stating how the east London firm Higgins Lewis Foskett were fined £78,000 (fine £58,000 and costs £20,000) after failing to meet money-laundering regulations for more than six years. The case

exceeded the maximum limit for SRA fines, so it had to be transferred to the Solicitors Disciplinary Tribunal, which rubber-stamped the agreed sanction.

It was found that from 2017 to 2022 the firm failed to have a risk assessment in place and failed to have policies, controls and procedures as required. It also failed to establish an independent audit until January 2024 as the money laundering regulations required.

The tribunal heard that 80% of the firm's work falls within the scope of the MLRs – most of that through conveyancing – and it employs nine fee earners. Turnover for 2021/22 was just over £3m.

The tribunal stated, 'It was a matter of luck that the respondent had not been targeted by criminals exploiting the accepted deficiencies in its AML procedures and requirements under the regulations.'

The firm admitted all the allegations made but pointed out that none of the breaches were intentional. It added that risk assessments were performed on clients and matters but they were not documented in a way that could be shown to the SRA.

To view this article in full see <https://www.lawgazette.co.uk/news/firm-to-pay-78k-after-aml-case-goes-to-tribunal/5123912.article>

LAW SOCIETY CREATES GUIDE FOR LEGAL PRACTITIONERS ON MITIGATING RISKS IN AI-GENERATED CASE-LAW SEARCHES

On the 7 July 2025 the Law Society of Ireland, Top Stories, published an article stating the Law Society Library has created a practical new guide for legal practitioners on mitigating the risks of hallucinations in AI-generated case-law searches.

The guide provides tips to reduce the risks of hallucinations in case-law searches and lists authoritative sources for cases in the Irish Superior Courts.

To read this article in full and get the link to the guide see <https://www.lawsociety.ie/gazette/top-stories/2025/july/reducing-hallucination-risk-in-ai-case-law-search/>

NEW RESEARCH PARTNERSHIP TO EXAMINE AI BENEFITS TO THE CONVEYANCING PROCESS

On 17 July 2025, Irish Legal News published an article stating a new research partnership has been set up between Ulster University's Centre for Legal Technology and Lawri AI, a Northern Ireland-based legal technology startup, to examine AI benefits to the conveyancing process.

To view this article in full see <https://www.irishlegal.com/articles/new-research-partnership-to-examine-ai-benefits-to-conveyancing-process>

CYBERCRIME – INTERNATIONAL CRIMINAL COURT TARGETED

On the 2 July 2025 the Law Society of Ireland, Top Stories, published an article stating the International Criminal Court (ICC) detected "a new, sophisticated, and targeted" cyber-security incident last week.

The court said that the attack had been “swiftly discovered, confirmed, and contained” through its alert and response mechanisms.

“A court-wide impact analysis is being carried out, and steps are already being taken to mitigate any effects of the incident,” an ICC statement said.

To view this article in full see <https://www.lawsociety.ie/gazette/top-stories/2025/july/latest-cyber-attack-contained-says-icc/>

DATA PROTECTION CLAIM BROUGHT BY PI CLIENTS DISMISSED BY JUDGE

On the 24 July 2025, the Law Society of England and Wales involving the international firm DWF and how it has welcomed a judgment dismissing a data protection claim brought by clients in personal injury claims under investigation for dishonesty.

Yesim Kul, Rohat Mahir and Mahmut Mahir claimed DWF Law LLP violated their rights as data subjects after the firm used their data, including health data, while acting for insurers in a county court claim. The three claimants were represented by London firm Ersan and Co Solicitors.

In the county court proceedings, DWF’s then head of organised fraud, James Stevens, made a witness statement which contained an analysis of claims data provided to DWF by insurers in which the claimants’ names appeared. An analysis collected evidence of ‘patterns’ in claims involving Ersan. DWF denied a breach of the UK GDPR.

In *Yesim Kul & Ors v DWF Law LLP* Mrs Justice Jennifer Eady said she was ‘satisfied’ DWF undertook the data processing ‘for a specified, explicit and legitimate purpose, carried out in performance of the defendant’s professional (and regulatory) obligations to its clients, for the public interest task of ensuring the proper administration of justice, and for the purpose of the legitimate interests of the defendant’s clients’.

If the claimants had looked at DWF’s website ‘they would have been advised of the potential use of their personal information in order to perform services for its clients, and that elements of that information might be disclosed to third parties’, the judgment said.

‘Even allowing that the claimants might reasonably not have taken that step, I am satisfied they would have been aware...that information disclosed in (proposed) litigation would be the subject of scrutiny and investigation by the lawyers acting for the insurer defendants, and would be utilised in open court proceedings.’

To view this article in full see <https://www.lawgazette.co.uk/news/judge-throws-out-data-protection-claim-brought-by-pi-clients/5124002.article>

DEPARTMENT OF SOCIAL PROTECTION LAUNCH HIGH COURT PROCEEDINGS TO SEEK OVERTURN OF GDPR BREACH FINDING

On the 9 July 2025, the Irish Legal News published an article stating how the Department of Social Protection had launched High Court proceedings seeking to overturn a finding that it breached the GDPR in relation to the requirement for public services card (PSC) applicants to provide their biometric data.

Last month the DPC imposed an administrative fine of €550,000 on the Department following the conclusion of an inquiry which began in July 2021.

The inquiry examined the Department's processing of biometric facial templates, and usage of associated facial matching technologies, as part of the "SAFE 2 registration" that forms part of the PSC application process.

SAFE 2 registration is mandatory for anyone who wishes to apply for a public services card. Persons who do not submit to such processing cannot access services including welfare payments.

The DPC concluded that the Department had failed to identify a valid lawful basis for the collection of biometric data in connection with SAFE 2 registration at the time of the inquiry.

To view this article in full see <https://www.irishlegal.com/articles/departments-social-protection-to-defend-biometric-data-processing-in-court>

AFGHAN DATA LEAK - GOVERNMENT FACES WAVE OF COMPENSATION CLAIMS

On the 18 July 2025 the Law Society of England and Wales published an article stating Afghan nationals whose personal data was accidentally leaked could be entitled to thousands of pounds each in compensation, a lawyer specialising in data breaches has warned – as immigration specialists urged the government to reopen a resettlement route that was 'abruptly closed'.

The Ministry of Defence confirmed that personal data belonging to 18,700 Afghan nationals who applied for resettlement was emailed 'outside of official government systems' in 2022 and 'briefly appeared online' in 2023. The leak was finally revealed this week after a 'superinjunction' granted in September 2023 preventing disclosure was lifted by Mr Justice Chamberlain.

To read this article in full see <https://www.lawgazette.co.uk/news/afghan-data-leak-government-faces-wave-of-compensation-claims/5123947.article>

BOOKKEEPER BARRED FROM THE PROFESSION AFTER TAKING £15,000 FROM THE CLIENT ACCOUNT

On the 13 July 2025, the Law Society of England and Wales reported how a bookkeeper who had been with his firm for decades has been barred from the profession after taking £15,000 from the client account.

According to a Solicitors Regulation Authority decision notice published in July, Mansukhlal Shah had worked for north London firm Bartletts for 30 years and was trusted with full access to all the firm's accounts.

But in June 2021, Shah transferred £15,000 into his wife's personal bank account. His wife was not a client and the money did not belong to her.

The transfer was not discovered until eight months later when the firm noted the money was missing. Shah, a non-solicitor, admitted the facts of the investigation and cooperated

throughout, expressing insight and remorse into his conduct. He was handed a section 43 notice preventing him from working for any regulated firm without SRA permission.

To view this article in full see <https://www.lawgazette.co.uk/news/long-serving-bookkeeper-took-15000-from-firm/5123866.article>