



## financial intelligence centre REPUBLIC OF SOUTH AFRICA

---

### Law Societies join the financial intelligence fold

**Thursday, 25 July 2013:** The four statutory provincial Law Societies - the Cape Law Society, the KwaZulu-Natal Law Society, the Law Society of the Free State and the Law Society of the Northern Provinces – pledged their commitment to combating money laundering and the financing of terrorism today when they signed Memoranda of Understanding (MoUs) with the Financial Intelligence Centre (FIC) in terms of Section 45 (1D) of the Financial Intelligence Centre Act, Act No 38 of 2001 (FIC Act).

The law societies acknowledged the importance of concluding the MoUs: “The MoUs are a significant step for the legal profession in South Africa. The provincial law societies – which are the regulatory bodies for attorneys – have now taken on the additional mantle of supervisory bodies in terms of the FIC Act, which increases their regulatory functions over attorneys. This is indicative of a commitment to professionalism and ethical behaviour among practising attorneys,” says David Bekker, Co-Chairperson of the Law Society of South Africa and Chairperson of its FIC Committee.

From the perspective of compliance with the FIC Act, a key requirement for practising attorneys is the obligation to register with the FIC in terms of section 43B of the FIC Act.

“We believe that approximately 10 000 attorneys firms should be registered with the FIC,” says Murray Michell, Director of the FIC. “We urge practising attorneys who are not yet registered with the FIC to do so.”

Accountable institutions have other obligations as well; such as the obligation to report suspicious and unusual transactions (STRs) to the FIC. The reporting of STRs is geared

towards drawing the FIC's attention to financial transactions that may suggest the possibility of criminal activity, so that further investigation can take place if necessary.

"We are aware that attorneys are particularly vulnerable to the possibility of being used by criminals," Michell explains. "Trust accounts are an obvious target for the laundering of money. Attorneys could, for example, find themselves unwittingly facilitating criminal behaviour when involved in the transfer of a property bought with illicit funds."

Any business activity that appears to be suspicious should similarly be reported. So, too, when a practising attorney suspects that his or her client's property may be linked to terrorist activities.

A number of other compliance obligations apply to practising attorneys – the appointment of a compliance officer, training of staff and the duty to keep record of transactions.

Mr Bekker notes: "In their roles as supervisory bodies, the provincial law societies will undertake to train practitioners and keep them up to date regarding communication from the FIC. The law societies will also undertake to carry out regular random inspections of attorneys."

"We are thrilled to welcome the law societies into our fold," concludes Michell. "The FIC has concluded 12 MoUs with other supervisory bodies. We look forward to fruitful collaboration in the years ahead."

**-ends-**

---

**Note to editors:** The Financial Intelligence Centre (FIC) was established in 2003, through the promulgation of the Financial Intelligence Centre Act 38 of 2001 (FIC Act), with the purpose of identifying the proceeds of unlawful activities and combating money laundering and financing of terrorism. The organisation collects and analyses data sourced from reports submitted by accountable and reporting institutions. Where necessary, the FIC provides this analysis to the law enforcement authorities and the South African Revenue Service for further follow up. The FIC works closely with counterparts on the African continent as well as with international organisations. The FIC enhances levels of business compliance to the FIC Act, thereby reducing the possibility of financial and accountable institutions being exploited by criminal networks, which is core to enhancing the integrity of the country's financial system. Amendments to the FIC Act were announced on 1 December 2010, which gave the supervisory bodies and the FIC powers of inspection and enforcement of the FIC Act and Regulations.

Some statistics from the 2011/12 Annual Report of the Financial Intelligence Centre:

- 14 054 accountable and reporting institutions were registered with the FIC
- 5.5 million cash threshold reports were received by the FIC during the reporting period
- 53 506 suspicious transaction reports were filed with the FIC during the reporting period, an increase of 45% on the number filed in the previous year
- 520 inspections were carried out
- The FIC experienced a 71% increase in requests for support in investigations from other organisations
- 761 matters identified by the FIC were referred to investigating agencies.

**The Law Society of South Africa brings together its six constituent members – the Cape Law Society, the KwaZulu-Natal Law Society, the Law Society of the Free State, the Law Society of the Northern Provinces, the Black Lawyers Association and the National Association of Democratic Lawyers – in representing South Africa’s 21 400 attorneys and 5 800 candidate attorneys.**

In terms of the Attorneys Act, 1979 the four statutory provincial law societies – the Cape Law Society, the KwaZulu-Natal Law Society, the Law Society of the Free State and the Law Society of the Northern Provinces – are the regulatory bodies for attorneys. They will also serve as the supervisory bodies in terms of the FIC Act.

Issued by the Financial Intelligence Centre: [www.fic.gov.za](http://www.fic.gov.za)

For more information please contact: Panna Kassan on: +27 12 641 6000, +27 79 751 2172 or via e-mail on: [communications@fic.gov.za](mailto:communications@fic.gov.za).