FICA Friendly — Compliance Insight

# 5 Lessons from a FIC Inspection Involving a 90% Conveyancing Law Firm We Assisted

Based on a **Final Inspection Report issued by the Financial Intelligence Centre in December 2025** — and patterns observed across dozens of law firm engagements. These findings illustrate how the FIC assesses compliance in practice and highlight issues increasingly appearing in inspections of law firms.

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**Date prepared:** 16 March 2026

LESSON 1

# Not Screening Against the TFS List — The R3.8 Million Non-Compliance Finding

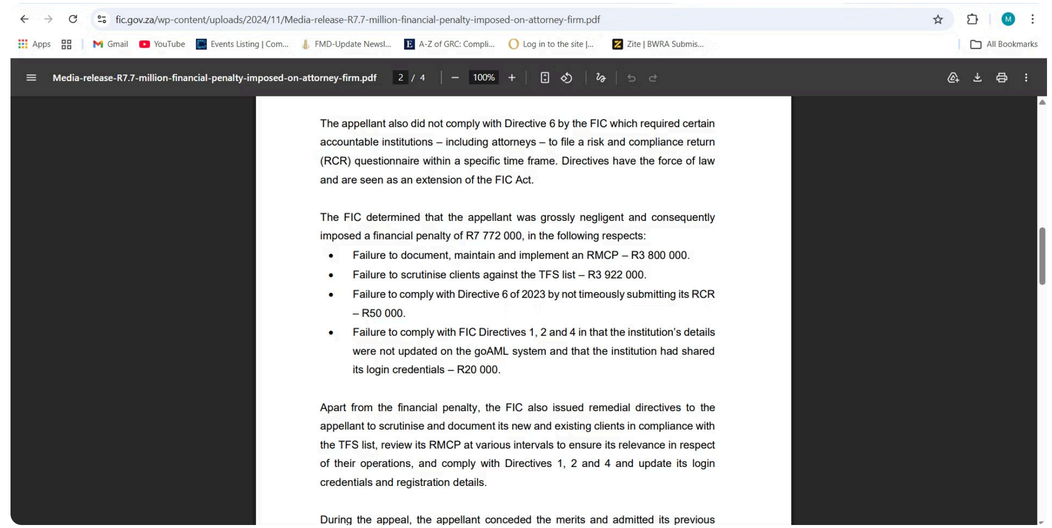
In one inspection assisted by FICA Friendly, the firm indicated that clients were screened against the **Targeted Financial Sanctions (TFS) list only "occasionally".** However, the inspection found **no evidence of screening in sampled client files**, and screening had not been conducted **before onboarding clients.**

In the **landmark FIC enforcement case against Kunene Ramapala Inc**, the firm was fined **R3 922 000** for failing to scrutinise clients against the TFS list.

**TFS screening supports South Africa's international obligations to combat terrorism and proliferation financing.**

Compliance does not mean simply having a written provision in an RMCP. Firms must demonstrate that screening **actually takes place in practice:** i. Screen clients **before the business relationship begins,** ii. Keep records of every screening conducted and iii. Screen existing clients **whenever the sanctions list is updated.**

The latest TFS update was released **12 March 2026.**




The appellant also did not comply with Directive 6 by the FIC which required certain accountable institutions – including attorneys – to file a risk and compliance return (RCR) questionnaire within a specific time frame. Directives have the force of law and are seen as an extension of the FIC Act.

The FIC determined that the appellant was grossly negligent and consequently imposed a financial penalty of R7 772 000, in the following respects:

- Failure to document, maintain and implement an RMCP – R3 800 000.
- Failure to scrutinise clients against the TFS list – R3 922 000.
- Failure to comply with Directive 6 of 2023 by not timeously submitting its RCR – R50 000.
- Failure to comply with FIC Directives 1, 2 and 4 in that the institution's details were not updated on the goAML system and that the institution had shared its login credentials – R20 000.

Apart from the financial penalty, the FIC also issued remedial directives to the appellant to scrutinise and document its new and existing clients in compliance with the TFS list, review its RMCP at various intervals to ensure its relevance in respect of their operations, and comply with Directives 1, 2 and 4 and update its login credentials and registration details.

During the appeal, the appellant conceded the merits and admitted its previous

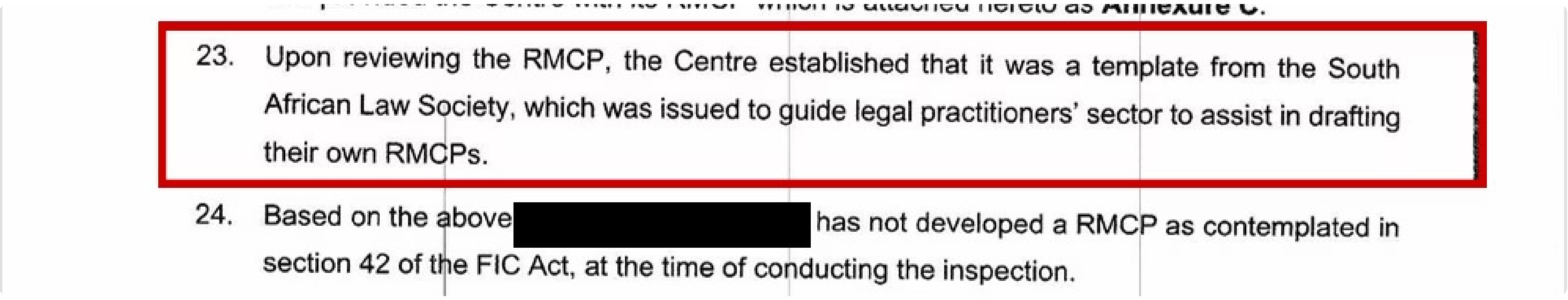
### A Practical Compliance Step You Can Take Today:

Screen all clients currently on record against the latest TFS list and retain evidence.

Screening is free at: [tfs.fic.gov.za](tfs.fic.gov.za)

LESSON 2

# Use of the LSSA RMCP Template — "Not Developed RMCP as Contemplated in Section 42"



23. Upon reviewing the RMCP, the Centre established that it was a template from the South African Law Society, which was issued to guide legal practitioners' sector to assist in drafting their own RMCPs.

24. Based on the above [redacted] has not developed a RMCP as contemplated in section 42 of the FIC Act, at the time of conducting the inspection.

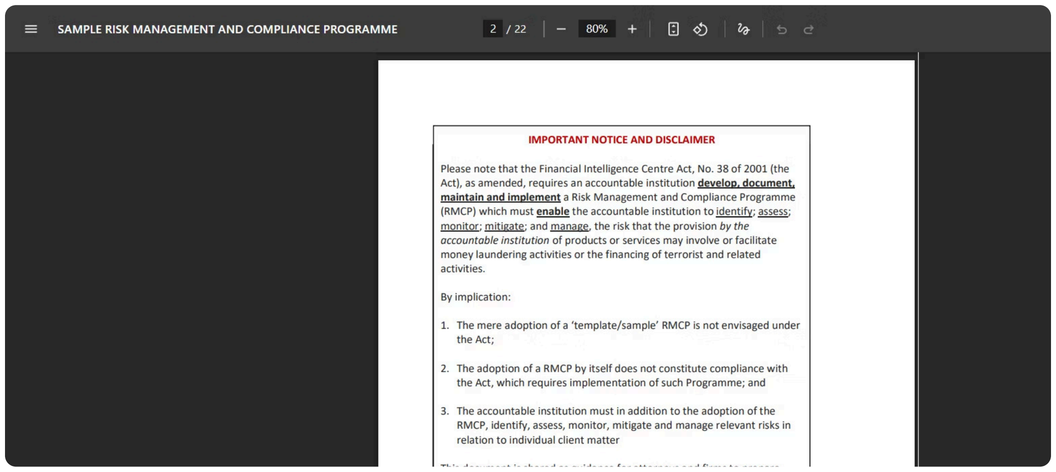
During the inspection, the FIC noted that the firm had adopted the **Law Society of South Africa (LSSA) RMCP template.**

The finding stated that the institution **had not developed a Risk Management and Compliance Programme as contemplated in section 42 of the FIC Act.**

Notably, the template itself contains an explicit disclaimer:

> *"The mere adoption of a template/sample RMCP is not envisaged under the Act."* and *"The adoption of an RMCP by itself does not constitute compliance with the Act."*

After encountering multiple inspection findings involving this template, FICA Friendly raised the issue directly with the LSSA and met with their Professional Affairs managers to present findings and provide input on improvements.





IMPORTANT NOTICE AND DISCLAIMER

Please note that the Financial Intelligence Centre Act, No. 38 of 2001 (the Act), as amended, requires an accountable institution **develop, document, maintain and implement** a Risk Management and Compliance Programme (RMCP) which must **enable** the accountable institution to identify; assess; monitor; mitigate; and manage, the risk that the provision *by the accountable institution* of products or services may involve or facilitate money laundering activities or the financing of terrorist and related activities.

By implication:

1. The mere adoption of a 'template/sample' RMCP is not envisaged under the Act;
2. The adoption of a RMCP by itself does not constitute compliance with the Act, which requires implementation of such Programme; and
3. The accountable institution must in addition to the adoption of the RMCP, identify, assess, monitor, mitigate and manage relevant risks in relation to individual client matter

Developing a compliant RMCP requires **significant expertise, regulatory interpretation, time, and ongoing oversight.** A defensible programme must:

- **Reflect Actual Risk**

  Tailored to the firm's specific risk exposure and client base

- **Inspection-Defensible**

  Structured to withstand FIC scrutiny during a formal inspection

- **Current & Evolving**

  Incorporates the latest FIC guidance, directives, and regulatory updates

- **Protect All Parties**

  Safeguards both the firm and its designated compliance officer

**A Practical Compliance Step You Can Take Today:** Review your RMCP and ask: *Was this programme genuinely developed for your firm's risk profile, or was a template simply adopted?*

LESSON 3

# Failing to Update goAML Contact Details is Non-Compliance with Directive 1/2013

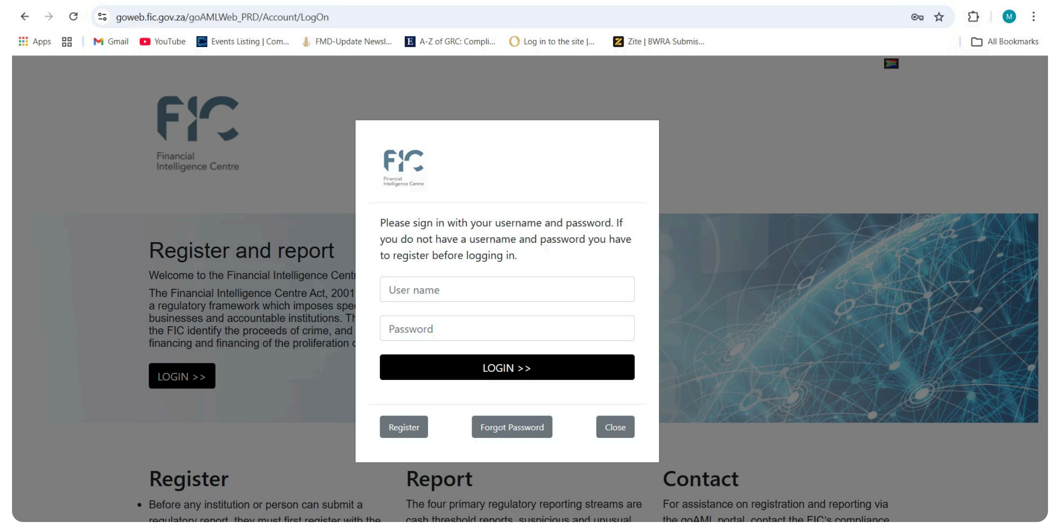
A repeatedly identified inspection finding is the **failure to update registration details on the FIC goAML system.** In several inspections assisted by FICA Friendly, firms had not updated their business address or contact details, resulting in **non-compliance with Directive 1/2013.**

In the **Kunene Ramapala matter**, the firm received a **R20 000 penalty** for failing to update its registration details — a straightforward administrative obligation that is easily overlooked.

Firms should periodically confirm the following details are accurate on their goAML profile:

- Business address
- Contact details
- Authorised reporting users

If your firm has **not yet registered**, the FIC allows **90 days from commencement of business** to comply. FICA Friendly is currently offering **free access to a FIC registration tutorial**, including the mandatory authorisation letter template — the document most commonly missed during registration.




### Registration Tutorial

**Free access available —** includes the mandatory authorisation letter template often missed during registration. [fic-profile-registration.zite.so](fic-profile-registration.zite.so)

### goAML Portal

Log in to verify and update your firm's address, contacts, and authorised users. [goweb.fic.gov.za](goweb.fic.gov.za)

**A Practical Compliance Step You Can Take Today:**

i. Log into your goAML profile at [goweb.fic.gov.za](goweb.fic.gov.za) and confirm your address and contact details are accurate and up to date.

ii. Register you firm with FIC goAML with the guidance of the Fica Friendly Tutorial: [fic-profile-registration.zite.so](fic-profile-registration.zite.so)

LESSON 4

# Fixing Problems After an Inspection Does Not Prevent Sanctions

> "In determining whether to sanction or not, compliance with remedial action is irrelevant."
> — FIC Inspection Report

One of the most consequential statements in the inspection report is this direct finding. Even if a firm **corrects a compliance failure after an inspection**, the FIC may **still impose an administrative sanction.** Post-inspection remediation does not erase the original non-compliance.

Remediation may influence:

- The **size of the financial penalty** imposed
- Whether the sanction takes a **financial or administrative form**

But it **does not prevent enforcement action altogether.** This principle has significant implications for how firms approach compliance risk.

1

### Non-Compliance Identified

FIC inspector identifies a compliance gap during the inspection process

2

### Remediation Undertaken

Firm addresses the gap and implements corrective controls

3

### Sanction Still Applied

FIC may still impose sanctions — remediation does not erase the original failure

**A Practical Compliance Step You Can Take Today:** Identify one area of your FICA compliance that has been postponed due to time constraints and address it proactively, before an inspection forces urgent remediation.

LESSON 5

# Urgent FICA Compliance Is Always More Expensive

Reactive compliance almost always costs significantly more than proactive compliance. When firms address FICA obligations only **after receiving an inspection notice**, the work becomes urgent, compressed, and resource-intensive.

### What urgent compliance projects require:

→ **Accelerated Risk Assessments**

Comprehensive reviews completed under significant time pressure

→ **Rapid RMCP Development**

Full programme drafted and approved in compressed timeframes

→ **Immediate Control Implementation**

Screening, training, and monitoring introduced without adequate lead time

→ **Extensive Documentation**

Evidence packages assembled under deadline pressure, increasing error risk

## 3-4x

**Cost Multiplier**

Urgent compliance work can cost three to four times more than proactive implementation

Reactive compliance also exposes firms to **additional risks** beyond the financial cost:

#### Administrative Sanctions

Financial penalties imposed by the FIC for proven non-compliance

#### Criminal Liability

Potential personal liability for compliance officers in serious cases

#### Reputational Damage

Public enforcement actions harm the firm's standing with clients and regulators

**A Practical Compliance Step You Can Take Today:**

Proactively explore fixed-rate compliance support for your firm, contact FICA Friendly:

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FINAL THOUGHTS

# Observation Indicates that Proactive Compliance Is the Only Sustainable Path

**Many law firms only discover their FICA compliance gaps during an inspection, when it is already too late to avoid regulatory consequences.**

FIC inspections in the legal sector are becoming **more frequent and increasingly enforcement-driven (accounting for close to 50% of FIC inspections in 2024/2025).** The Centre has been expanding its inspection and enforcement capacity, including the appointment of additional inspectors and enforcement staff.

Despite this increased scrutiny, most compliance failures in law firms **do not arise from bad intent**. In practice, they are usually the result of structural pressures within legal practices.

### Lack of Time

Most compliance failures in law firms arise not from bad intent, but from competing demands on partners and compliance officers

### Limited Internal Resources

Smaller firms often lack dedicated compliance staff with the depth of regulatory knowledge the FIC expects

### Misunderstanding Expectations

Firms frequently misunderstand what the FIC requires *in practice* — not just on paper — creating dangerous compliance gaps

### Proactive Is Sustainable

Addressing compliance before an inspection is almost always the more affordable, defensible, and sustainable route for law firms

### The 5 Lessons at a Glance

1. Screen against the TFS list — before onboarding and on every update
2. Develop a genuine, firm-specific RMCP — not just a template
3. Keep goAML registration details current at all times
4. Post-inspection remediation does not prevent sanctions
5. Reactive compliance costs three to four times more than proactive compliance

### Contact FICA Friendly:

For proactive, fixed-rate FICA compliance support tailored to South African law firms:

📧 comply@ficafriendly.com
📞 072 881 5095