

Briefing: Closing the money laundering loophole being exploited by law firms working for crypto scammers and Russian warlords

The problem: The limited scope of the anti-money laundering regime means dirty money can be used to fund abusive lawsuits

- Strategic Lawsuits Against Public Participation ([SLAPPs](#)) enable the super-wealthy and powerful to abuse British courts to silence critical speech, stymying journalists, activists, and ordinary members of the public from publishing stories in the public interest that reveal evidence of criminal, corrupt or unethical activity.
- A significant loophole in the anti-money laundering (AML) rules regime means that when lawyers advise clients on legal tactics to shut down critics through SLAPPs, they are not obliged to do due diligence on their client, allowing them to turn a blind eye to dubious sources of wealth or funds being used to bring the abusive lawsuit.
- Even where these lawyers do pick up on dodgy dealings, they are not obliged to report their suspicions. This means they cannot be prosecuted for the offence of 'failure to disclose' knowledge or suspicion of money laundering set out in section 330 of the [Proceeds of Crime Act 2002](#), (POCA).
- While estate agents, banks, accountancy firms, and lawyers who do transactional work are required to do AML checks on their clients, those working in media specialist legal services are not covered by AML rules. This means that certain law firms have become a 'go to' for deep-pocketed companies and powerful individuals – who may be involved in corruption or other criminality - seeking to use the courts to silence their critics.

Case study 1) The OneCoin crypto scam SLAPP

The company, OneCoin, presided over an international [\\$4 billion crypto investment scam](#) and its fugitive co-founder, Ruja Iganatova (aka 'The Crypto Queen') was placed on the FBI's 'most wanted' list.

Claire Gill, a partner at Carter-Ruck, was instructed to work on behalf of OneCoin to “silence the critics (and ultimately the police)” by threatening libel action against them. The law firm targeted a [victim](#) of the scam who spoke out about her experiences on social media and even a [police investigator](#) trying to protect the public from investing in the fraud.

The Solicitors Regulation Authority recently took action against Gill, arguing that she made improper legal threats amounting to professional misconduct. Despite [shocking evidence](#) of these legal tactics, Gill was [cleared](#) of wrongdoing after the Solicitors Disciplinary Tribunal.

The tribunal proceedings exposed that Gill did not conduct AML checks on her client because as a media specialist legal services firm, Carter-Ruck operates outside of the regulated sector. Without any legal requirement to do due diligence or report suspicions about OneCoin, Gill was said to have lacked knowledge that she was making false legal threats in furtherance of a fraud.

The SRA is appealing this decision but whichever way the case goes in the end, the evidence that has come to light exposes a serious gap in the AML regime which can be exploited by fraudsters looking to enlist the help of UK lawyers to silence their critics.

Case study 2) The Prigozhin SLAPP

Another London-based law firm, Discreet Law, [acted](#) for the now deceased Russian warlord known as ‘Putin’s chef’, Yevgeny Prigozhin, to bring a [libel suit](#) against the UK journalist, [Eliot Higgins](#). Despite being sanctioned by the UK, Prigozhin was able to use [frozen funds](#) to pay his British lawyers to sue Higgins for reporting on the very [activities](#) for which he was sanctioned.

Discreet Law requested identification documents from Prigozhin and received a copy of his passport and a utility bill in the name of his elderly mother for an address in St Petersburg. The law firm onboarded Prigozhin as a client after it accepted the claims of his Russian lawyers that he lived at that address and his mother paid the bills.

The lawsuit was [described](#) in Parliament as a “perfect example of a SLAPP – a strategic lawsuit against public participation, designed to silence critics through financial intimidation”, and appears to have been part of a [wider plan](#) to undermine sanctions against Prigozhin through legal attacks on journalists.

Prigozhin’s case against Higgins collapsed in March 2022 when Discreet Law withdrew their services following a public [backlash](#). Yet the SRA [decided](#) not to take any action against Discreet Law, [explaining](#) that there was no evidence the firm knew they were acting on false instructions from Prigozhin when he denied his involvement with the Wagner Group.

This once again [exposes](#) the gap that can be exploited by malign actors because libel lawyers are not legally required to do proper due diligence and AML checks on their clients before advancing meritless legal threats.

The opportunity: Closing the loophole as part of wider action on SLAPPs and the proposed shake-up of the AML regime

- In December 2025, the Justice Secretary [announced](#) that the government will take further action on tackling SLAPPs. Weeks later the government’s new [Anti-Corruption Strategy](#) committed to considering approaches for “comprehensively tackling all SLAPPs” and consulting on “adding new regulated activities” to AML rules, as part of its plan to “tackle weaknesses in sectors vulnerable to exploitation by corrupt actors”.
- This followed the government’s [recent commitment](#) to implement major reforms to how businesses are supervised for their compliance with AML rules, and its announcement of a new Anti-Money Laundering and Asset Recovery Strategy (AMLAR) in the [Autumn Budget](#).
- The government should now use this positive momentum to make progress on these two key commitments in the Anti-Corruption Strategy around SLAPPs and ensuring high-risk activities like libel litigation are subject to AML rules.

Recommendations:

- 1) The government should bring forward universal anti-SLAPP measures in the next King’s Speech to ensure Parliament will finally be given the opportunity to establish robust, accessible and comprehensive protections against abusive legal threats.**
- 2) The government should use the AMLAR Strategy as a vehicle for closing the gap in the regulated sector around media specialist services, to ensure lawyers are required to conduct proper AML checks on their clients and report suspicions of money laundering.**