



## UK law firm accused of failings over Azerbaijan leader's daughters' offshore assets

**Child & Child set up secret company in British Virgin Islands and claimed Leyla and Arzu Aliyev had no political connections**

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A firm of London solicitors that set up an offshore company for the daughters of Azerbaijan's president has been referred to a disciplinary tribunal after being accused of multiple failings. They include not detecting "a significant risk of money-laundering".

Leyla and Arzu Aliyeva - the daughters of President Ilham Aliyev - set up a secret offshore company to help manage their multimillion-pound property portfolio in Britain. The firm, Exaltation Limited, was based in the tax haven of the British Virgin Islands.

Details of the offshore company emerged in April 2016 as part of a leak of records from the Panamanian law firm Mossack Fonseca, known as the Panama Papers.

The London law firm that set up Exaltation, Child & Child, claimed - wrongly - that the two women had no political connections. The business interests and property portfolios of the Aliyev family have been the subject of extensive reporting, amid allegations of massive corruption.

In a notice published on Monday, the Solicitors Regulation Authority (SRA) said it had referred Child & Child's senior partner, Khalid Sharif, to the solicitors disciplinary tribunal.

The allegations are subject to a hearing due later this year at which Sharif is entitled to present his own evidence. They are as yet unproven. If found guilty, he could be struck off.

The SRA said that there was a case to answer by Sharif in respect of allegations that he failed to ascertain whether the two sisters were "reportedly linked with the proceeds of crime" or were "politically exposed persons".

This classification automatically triggers enhanced banking and due diligence checks.

The case against Sharif also includes allegations that he failed to take into consideration "a higher risk of money laundering" when he set up the offshore company using Mossack Fonseca's Jersey branch. It further says he did not check that the Panamanian firm was properly authorised to give instructions on behalf of the president's daughters.

This is the first time the SRA has taken action against a firm implicated in the Panama Papers, a leak of 11.5m documents obtained by Germany's Süddeutsche Zeitung and shared with the International Consortium of Investigative Journalists, the Guardian and other media.

The SRA said it was still investigating Child & Child and was working closely with other agencies "to tackle concerns raised by the papers". It added: "Although in many instances, we found that the law firms and lawyers mentioned are not based in this country or regulated by us, we still have a number of ongoing investigations."

"The credibility of law firms makes them an obvious target for criminals wishing to launder money. Tackling money laundering is crucial not only to maintain trust in the profession, but also for the good of society."

Sharif did not reply to an email requesting comment. According to his profile on the firm's website, he has "acted on the purchase and sale of some of London's most prestigious properties for both domestic and international clients". His skills include advising on how to set up and administer "offshore entities".

Exaltation Limited was set up in 2015. The notice also refers to an earlier gift made between November 2013 and March 2014 which Sharif allegedly failed to monitor. The transaction had "a significant risk that money laundering was taking place". There were no further details.

President Aliyev has ruled Azerbaijan since 2003. During this time, his daughters have reportedly amassed vast personal business empires. They own luxury apartments in the UAE, as well as interests in telecommunications and gold mining.

Leyla Aliyeva's assets include a £17m mansion on Hampstead Lane in north London, next door to Kenwood House and overlooking Hampstead Heath. She is an artist and socialite, with friends said to include Prince Andrew, Lord Mandelson and Elisabeth Murdoch.

The Panama papers showed that she set up a new offshore firm at the time of her 2015 divorce from Emin Agalarov, an ethnic Azerbaijani businessman and pop star. The couple lived in Moscow and also reportedly owned a luxury penthouse overlooking Hyde Park. Neither daughter has commented.

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