

IN THE SOLICITORS DISCIPLINARY TRIBUNAL  
AND IN THE MATTER OF THE SOLICITORS ACT 1974

BETWEEN:

SOLICITORS REGULATION AUTHORITY LIMITED

Applicant

v

(1) MD ZAHIDUL ISLAM (SRA ID: 533716)  
(2) ZARINA SHAHEEN BOSTAN (SRA ID: 616086)  
(3) NAGEENA CHOUDHRY (SRA ID: 293557)  
(4) MOHAMMED SALEEM (SRA ID: 545328)

Respondents

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STATEMENT PURSUANT TO RULE 12 OF  
THE SOLICITORS (DISCIPLINARY PROCEEDINGS) RULES 2019

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I, Hannah Victoria Lane, am a Solicitor employed by Capsticks Solicitors LLP of 1 St George's Road, Wimbledon, London, SW19 4DR. I make this statement on behalf of the Applicant, the Solicitors Regulation Authority Limited (the "**SRA**"). I exhibit a bundle of supporting documents to this statement marked "**HVL1**".

**A THE ALLEGATIONS**

**A.1 First Respondent**

1 The allegations against the First Respondent ("**R1**"), Md Zahidul Islam (SRA ID: 533716), are that, while in practice as a solicitor:

1.1 On or around 24 January 2020 and thereafter, he:

- 1.1.1 entered into an Assignment of Goodwill and Business Sale Agreement (the “**AGBSA**”) with the Third and Fourth Respondents (“**R3**” and “**R4**”) under which, on its true construction, among other things:
  - 1.1.1.1 R1 was obliged to purchase for monetary consideration, and R3 and R4 were obliged to sell, R3’s and R4’s interests in Silverman Peake LLP (the “**Firm**”);
  - 1.1.1.2 R3 and R4 were obliged to resign as members of the Firm and R1 was obliged to be appointed as a member of the Firm;
  - 1.1.1.3 R1 was obliged to be appointed the Firm’s COLP and COFA and R3 was obliged to resign from those positions;
- 1.1.2 entered into an agreement (the “**Trainee–Principal Agreement**”) with the Second Respondent (“**R2**”) under which, on its true construction, among other things:
  - 1.1.2.1 R2 agreed to bear the cost of the monetary consideration due to R3 and R4 under the AGBSA and all additional financial liabilities necessary for the sale of the Firm to him;
  - 1.1.2.2 R2 and he agreed R2 would be employed by the Firm as a trainee solicitor and branch manager of the Firm’s office at 127 High Road, Loughton, IG10 4LT (the “**127 High Rd Office**”);
  - 1.1.2.3 he agreed that he would not interfere in R2’s running of the Firm’s 127 High Rd Office;
  - 1.1.2.4 he agreed R2 could run the Firm’s 127 High Rd Office as she deemed fit and reasonable;
  - 1.1.2.5 he agreed to procure the opening of new client and office bank accounts for the Firm;

- 1.1.2.6 he agreed that only R2 was to have full and sole access to the Firm's new client and office bank accounts from the outset as the signatory and that he could not have any control over any transactions;
    - 1.1.2.7 he agreed that he would act merely to watch and monitor R2's conduct and he would have no other legal rights upon the Firm's conduct and/or financial liabilities;
  - 1.1.3 became the sole manager of the Firm by virtue of being the sole member of the Firm;
  - 1.1.4 acted so as to carry the terms of the AGBSA and the Trainee–Principal Agreement into effect by materially performing his obligations and exercising his rights under those agreements.
- 1.2 By his actions in Allegation 1.1, he breached any or all of Principles 2 and 5 of the SRA Principles and Paragraph 2.1 of the SRA Code of Conduct for Firms.
- 1.3 Between 27 January 2020 and 3 October 2020, while R1 was a manager of the Firm, the Firm failed to:
  - 1.3.1 maintain a list of all the balances shown by the client ledger accounts of the liabilities to clients (and third parties), with a running total of the balances;
  - 1.3.2 provide a cash book showing a running total of all transactions through client accounts held or operated by the Firm;
  - 1.3.3 obtain, at least every five weeks, statements from banks, building societies and other financial institutions for all client accounts and business accounts held or operated by the Firm; and/or
  - 1.3.4 complete at least every five weeks, for all client accounts held or operated by the Firm, a reconciliation of the bank or building society statement balance with the cash book balance and the client ledger total.

- 1.4 By the Firm's failures set out in Allegation 1.3, and pursuant to Rules 1.1 and/or 1.2 of the SRA Accounts Rules, he breached any or all of Rules 8.1(b) and (c), 8.2 and 8.3 of the SRA Accounts Rules.

## **A.2 Second Respondent**

- 2 The allegations against R2, Zarina Shaheen Bostan (SRA ID: 616086), are that, while unadmitted to the Roll of solicitors:

- 2.1 On or around 24 January 2020 and thereafter, she:

2.1.1 entered into the Trainee–Principal Agreement with R1, as described at Allegation 1.1.2;

2.1.2 acted so as to carry the terms of the Trainee–Principal Agreement into effect by materially performing her obligations and exercising her rights under that agreement.

- 2.2 By her actions in Allegation 2.1, she breached any or all of Principles 2 and 5 of the SRA Principles and Paragraph 2.1 of the SRA Code of Conduct for Firms.

- 2.3 Between 24 February 2020 and 3 October 2020, while R2 was a manager of the Firm, the Firm failed to:

2.3.1 maintain a list of all the balances shown by the client ledger accounts of the liabilities to clients (and third parties), with a running total of the balances;

2.3.2 provide a cash book showing a running total of all transactions through client accounts held or operated by the Firm;

2.3.3 obtain, at least every five weeks, statements from banks, building societies and other financial institutions for all client accounts and business accounts held or operated by the Firm; and/or

2.3.4 complete at least every five weeks, for all client accounts held or operated by the Firm, a reconciliation of the bank or building society

statement balance with the cash book balance and the client ledger total.

2.4 By the Firm's failures set out in Allegation 2.3, and pursuant to Rules 1.1 and/or 1.2 of the SRA Accounts Rules, she breached any or all of Rules 8.1(b) and (c), 8.2 and 8.3 of the SRA Accounts Rules.

2.5 On or around 19 November 2020, she accepted a Part 36 Offer on behalf of PA, a former client of the Firm, in circumstances where:

2.5.1 she had no instructions and no proper authority to do so; and/or

2.5.2 there was an own interest conflict or significant risk of such a conflict

and thereby she breached any or all of Principles 2, 5 and 7 of the SRA Principles and Paragraphs 3.1 and 6.1 of the SRA Code of Conduct for Solicitors, RELs and RFLs.

### **A.3 Third Respondent**

3 The allegations against Nageena Choudhry (SRA ID: 293557) are that, while in practice as a solicitor:

3.1 On or around 24 January 2020 and thereafter, she:

3.1.1 entered into the AGBSA, as described at Allegation 1.1.1, with R1 and R4; and

3.1.2 acted so as to carry the terms of the AGBSA into effect by materially performing her obligations and exercising her rights under that agreement.

3.2 When acting as set out in Allegation 3.1, she:

3.2.1 Was aware, or had reasonable grounds to suspect, that:

3.2.1.1 R2 had been employed by the Firm as a trainee solicitor from January to October 2019 and had left the Firm after

an internal disciplinary hearing held in August 2019 due to her poor performance;

3.2.1.2 following the sale, R2 would be reemployed at the Firm as a trainee solicitor or otherwise;

3.2.1.3 following the sale, R2 would have control of one or more of the Firm's client and/or office accounts;

3.2.1.4 R2 was to pay, on R1's behalf, the entire amount of the monetary consideration due under the AGBSA for the sale of the Firm;

3.2.1.5 following the sale, R1 would become the sole member of the Firm;

3.2.1.6 following the sale, R1 would become the Firm's COLP and COFA;

3.2.1.7 following the sale, R1 would not have control of any of the Firm's client and/or office accounts; and/or

3.2.1.8 R1 was unable to and/or would not effectively supervise R2's work for clients; and/or

3.2.2 Knew, or subjectively believed, that:

3.2.2.1 R2 had lied to her and/or R4 in around January 2019 by telling her and/or R4 that she had left her previous employer voluntarily when in fact she had been dismissed;

3.2.2.2 R4 had discovered the above in around late September/early October 2019 and asked R2 either to tell the truth to her (R3) or resign; and

3.2.2.3 R2 thereafter chose to resign from the Firm.

- 3.3 By acting as set out in Allegation 3.1 while having the knowledge and/or belief set out in Allegation 3.2, she breached any or all of Principles 2 and 5 of the SRA Principles and Paragraph 2.1 of the SRA Code of Conduct for Firms.

#### **A.4 Fourth Respondent**

- 4 The allegations against Mohammed Saleem (SRA ID: 545328) are that, while in practice as a solicitor:

- 4.1 On or around 24 January 2020 and thereafter, he:

4.1.1 entered into the AGBSA, as described at Allegation 1.1.1, with R1 and R3; and

4.1.2 acted so as to carry the terms of the AGBSA into effect by materially performing his obligations and exercising his rights under that agreement.

- 4.2 When acting as set out in Allegation 4.1, he:

4.2.1 Was aware, or had reasonable grounds to suspect, that:

4.2.1.1 R2 had been employed by the Firm as a trainee solicitor from January to October 2019 and had left the Firm after an internal disciplinary hearing held in August 2019 due to her poor performance;

4.2.1.2 following the sale, R2 would be reemployed at the Firm as a trainee solicitor or otherwise;

4.2.1.3 R2 was to pay, on R1's behalf, the entire amount of the monetary consideration due under the AGBSA for the sale of the Firm;

4.2.1.4 following the sale, R1 would become the sole member of the Firm;

- 4.2.1.5 following the sale, R1 would become the Firm's COLP and COFA; and/or
    - 4.2.1.6 R1 was unable to and/or would not effectively supervise R2's work for clients; and/or
  - 4.2.2 Knew, or subjectively believed, that:
    - 4.2.2.1 R2 had lied to him and/or R3 in around January 2019 by telling him and/or R3 that she had left her previous employer voluntarily when in fact she had been dismissed;
    - 4.2.2.2 he had discovered the above in around late September/early October 2019 and asked R2 either to tell the truth to R3 or resign; and
    - 4.2.2.3 R2 thereafter chose to resign from the Firm.
- 4.3 By acting as set out in Allegation 4.1 while having the knowledge and/or belief set out in Allegation 4.2, he breached any or all of Principles 2 and 5 of the SRA Principles and Paragraph 2.1 of the SRA Code of Conduct for Firms.

## **B APPENDICES AND DOCUMENTS**

- 5 I attach to this statement:
  - 5.1 Appendix 1: Relevant Rules and Regulations;
  - 5.2 Appendix 2: Anonymisation Schedule;
  - 5.3 A bundle of documents marked "**HVL1**" to which I refer in this statement. Unless otherwise stated, page references in this statement refer to pages in that bundle.
- 6 The bundle is divided into the following sections:
  - 6.1 Section A: Notice recommending referral to the Solicitors Disciplinary Tribunal and supporting documents;



- 6.2 Section B: Report of Franck Jaja (the “**FIO**”), Forensic Investigation Officer, dated 28 February 2022 and appendices;
- 6.3 Section C: Disclosure and representations;
- 6.4 Section D: Referral decisions.

## **C PROFESSIONAL DETAILS**

- 7 R1 was born on [REDACTED] and was admitted to the Roll of Solicitors on 1 November 2016. His practising certificate for 2023–2024 is free from conditions. The SRA’s records record that R1 was:

- 7.1 a member at the Firm from 27 January 2020 to 31 December 2020;
- 7.2 the Firm’s COLP from 3 February 2020 to 31 December 2021;
- 7.3 the Firm’s COFA from 3 February 2020 to 31 December 2021.

- 8 R2 was born on [REDACTED] and was admitted to the Roll of Solicitors on 4 December 2020. Her practising certificate for 2023–2024 is free from conditions. The SRA’s records record R2 was an employee from 27 January 2020 to 31 December 2021, and an associate from 6 December 2020 to 31 December 2021.

- 9 R3 was born on [REDACTED] and was admitted to the Roll of Solicitors on 1 July 2003. Her practising certificate for 2023–2024 is free from conditions. The SRA’s records record that R3 was:

- 9.1 a member at the Firm from 4 April 2014 to 27 January 2020;
- 9.2 a consultant at the Firm from 27 January 2020 to 3 October 2020;
- 9.3 the Firm’s COLP from 6 March 2014 to 27 January 2020;
- 9.4 the Firm’s COFA from 4 March 2014 to 27 January 2020; and
- 9.5 the Firm’s MLRO and MLCO from 22 January 2018 to 27 January 2020.

- 10 R4 was born on [REDACTED] and was admitted to the Roll of Solicitors on 1 November 2013. He is currently non-practising. The SRA's records record R4 was a member at the Firm from 4 April 2014 to 4 February 2020, and a consultant from 4 February 2020 to 3 October 2020.

## **D FACTS AND MATTERS RELIED UPON IN SUPPORT OF THE ALLEGATIONS**

### ***D.1 Evidence on which the SRA relies***

- 11 The evidence on which the SRA relies is:

- 11.1 the Report of the FIO dated 28 February 2022 and its appendices (the "**FI Report**") (HVL1, pp.25-460);
- 11.2 correspondence and documents sent to and from the Respondents during the course of the SRA's investigation into their conduct (HVL1, pp.461-2039).

### ***D.2 The Firm***

- 12 The Firm is a limited liability partnership incorporated in England and Wales on 12 November 2013, Company number OC389139 (HVL1, p.2092). Upon its incorporation, R3 and R4 were, within the meaning of the SRA Standards and Regulations (the "**StaRs**"), the only members of the Firm. R3 and R4 are married.
- 13 The Firm (SRA ID: 607938) was authorised by the SRA as a recognised body on 6 March 2014 and the SRA's systems show that it began trading on the same date.
- 14 Approximately 90% of the Firm's fee income was from Personal Injury matters, and 10% from other areas, including Civil Litigation and Conveyancing (HVL1, p.28, para.8).

### ***D.3 The Second Respondent's employment with the Firm in 2019***

- 15 Prior to 2019, R2 was employed by the Firm as a paralegal/ assistant:

- 15.1 from around December 2013 to around October 2015 (HVL1, p.2274); and

15.2 from around May 2016 to around July 2016 (HVL1, p.2273).

- 16 In late 2018, R2 was employed by Kennedys Law LLP as a litigation assistant in its Chelmsford office. On 17 December 2018, R2 emailed R3, stating, among other things (HVL1, p.2132):

*"This might sound a little out of the blue but I wondered if you would consider having me back. I might sound further surprising in asking for a training contract too but I'll be honest with you I'm seriously thinking of leaving law."*

- 17 On or around 10 January 2019, R3 held an interview/ discussion with R2 regarding the possibility of the Firm employing her as a trainee solicitor (HVL1, pp.2133). The Firm subsequently employed R2 as a trainee solicitor starting in around January 2019.

- 18 However, following concerns with her performance, R3 prepared and delivered to R2 a letter dated 13 August 2019 which invited R2 to a disciplinary meeting on 15 August 2019. The letter also set out R3's concerns and attached a schedule of the matters to be discussed during the meeting (HVL1, pp.2111-2119).

- 19 The letter recorded that, during the interview for the position of trainee solicitor with the Firm:

*"[...] we discussed the issues you experienced both at Kennedys and Attawaters. You had advised that you had voluntarily left both roles as you were not happy and that you had given up all hope of achieving a training contract."*

- 20 The disciplinary meeting took place on 15 August 2019. The meeting was attended by R2, R3, R4 and Samina Afsar (SRA ID: 574231), a solicitor employed by the Firm at the time (HVL1, p.1569p).

- 21 R4's evidence in a witness statement dated 11 February 2020, made by him and verified by a statement of truth is that (HVL1, pp.2106-2109):

*"(10) After the disciplinary hearing Zarina had agreed to perform better."*

*"(11) However late September 2019 early October 2019 I overheard Zarina speaking to someone on the telephone about being dismissed from Kennedys. She was currently working on the claim against Kennedys. When I confronted her she accepted she had been dismissed and that she did not leave voluntarily. I stated but you told us you left voluntarily to which she stated it was a*

*difficult time for her she was embarrassed and knew that Nageena would not have taken her back if she had been dismissed from Kennedys. She further told me that it was so bad that she had to be escorted from the buildings of Kennedys and she was in shock and still reeling from the embarrassment of it all. She told me that she was sorry and felt this was the only way to get a training contract. She knew mentioning Kennedys would have improved her chances of getting a job especially if she knew she was leaving such a good firm to continue her training with us,*

- (12) *I told her it was unacceptable that she had lied and deceived us and that if Nageena knew she would be really upset after all the time she had spent on training her. She was further disciplined by me for lying and providing false information, the gravity of the situation was explained to her by me. I had no alternative but to give her the option of either telling Nageena the truth or to resign as I was not going to permit the pretence to continue. She told me that she would resign.”*

22 R3’s evidence in a witness statement dated 11 February 2020, made by her and verified by a statement of truth is that (HVL1, pp.2120-2129):

- “(31) *However all of a sudden Zarina resigned in October 2019. She did not provide a reason. I did not request a reason and happily accepted her resignation. I did at the time think it odd as if she was going to resign it would have been soon after the disciplinary hearing. She was walking away from a training contract which again I found odd.*
- (32) *I was to later discovered from Mohammed Saleem that on or abouts late September 2019 he had discovered Zarina working on her employment claim with Kennedys. She had been dismissed from Kennedy's and she was making a claim for unfair dismissal on the basis of discrimination.*
- (33) *I am informed by Mohammed Saleem that he had confronted her and she accepted that she had been dishonest as she knew I would not have given her the chance of a training contract if she had told me the truth. Which is the truth there is no way I would have employed her had I know that she was dismissed from Kennedys. She dangled Kennedys as a badge of honour which I fell for.*
- (34) *Mohammed Saleem informed me that he had told her to either tell me the truth or to resign. She chose to resign. As she had left Silverman Peake LLP by the time I discovered the truth I did not lodge a complaint and did not discuss this further.”*

#### **D.4 The sale of the Firm from the Third and Fourth Respondents to the First Respondent**

##### **D.4.1 THE SECOND RESPONDENT'S INTRODUCTION OF THE FIRST RESPONDENT TO THE THIRD AND FOURTH RESPONDENTS**

23 By late 2019, R3 and R4 had decided to sell their interests in the Firm or close it down (HVL1, pp.776-778).

24 R2 was aware that R3 and R4 were looking for buyers for the Firm. On 2 January 2020, she texted R3, stating (HVL1, p.528):

*"Hi I might have someone interested. Can you please give me details which he has requested. [...] Also he wants to know if I can be a director as a trainee. If I remember correctly I cant until I qualify right?"*

25 R3 replied the same day stating, among other things "You can be a director" (HVL1, p.528). Still on the same day, R2 texted R3, stating "Chances are I'll have to cover the full good will amount. You still looking for 25k" and R3 replied "I would be yes" (HVL1, p.524).

26 On 4 January 2020, the following text conversation took place between R2 and R3 (HVL1, p.521):

*[R2] Hi hon I've got another potential solicitor who is considering it for a 3000 fee per month. What do you think?*

*[R3] What does that mean ?*

*[R2] Not sure but I think just someone who'll let me use his name for a fee but have nothing to do with it. I'm waiting on a call from him*

*[R3] Oh I get it[.] If you bill 10k a month it's not a huge amount to pay[.] We bill more than that"*

(Paragraph breaks removed.)

27 The "potential solicitor who is considering it for a 3000 fee per month" is R1. R2 and R3 also refer to R1 as "the 3k guy". R1 has been a member of Ali Levene Solicitors LLP (SRA ID: 639051) since 18 May 2017 (HVL1, p.2098).

28 On 5 January 2020, by an email timed 12.38, R3 sent R2 a copy of the Firm's Report of the Members and Unaudited Financial Statements for the Year Ended 30 November 2018 (HVL1, pp.2285-2297).

29 On 6 January 2020, R3 texted R2, stating: *"Hon I really do think you'd be better with the 3k guy as a silent partner. You'll always be at a lose [sic] end otherwise"* (paragraph break removed). R2 replied *"Me too but let's see"* (HVL1, p.519).

30 On 8 January 2020, R2 texted R3, stating: *"Hi hon please don't commit to anything in mondays [sic] meeting as the 3k guy is back on board"* and *"Btw do I have to give him access to bank accounts or can I remain the signatory"*. Replying to the latter message, R3 stated *"No you don't"* (HVL1, p.518).

31 On 10 January 2020, R2 and R3 exchanged the following text messages (HVL1, p.516):

*"[R3] Did the 3k guy come back? If meeting doesn't go well on Monday hon I'm filing my notice with SRA"*

*"[R2] Yes hon very interested. I'm meeting him Monday evening[.] If I have time I'll come see u before I head back to kent"*

*"[R3] I want something signed up by next week I don't want to hold on for too long"*

(Paragraph breaks removed.)

32 On 12 January 2020, R2 and R3 exchanged the following text messages (HVL1, p.515):

*"[R2] Hi hon. Just so I understand it if the 3k guy wants to go ahead with it would 'we' be taking over following the completion of your 3 months notice period to SRA?"*

*"[R3] If 3k guy goes Ahead I won't be serving the notice he would come on as director as would you[.] I would just let Sra know I've resigned and you guys are new directors[.] You could take over pretty much in a few weeks"*

*"[R2] Oh ok brilliant. Inshallah tomorrow goes to plan. Ok the 3k guy is definitely in. this might just happen hon. X"*

(Paragraph breaks removed.)

33 On Monday 13 January 2020, it appears R1, accompanied by one or more other persons, met with R3 and R4. On the same day:

33.1 R2 and R3 exchanged the following text messages between 12.27 and 13.28 (HVL1, p.514):

*"[R2] Hi how did it go or are they still there?"*

*[R3] They've left here and are with saleem[.] They didn't really ask much*

*[R2] Oh ok. What vibe did you get[.] I'm meeting my guy [...] around 6. If u want I can meet you after, time permitting[.]*

*[R3] I didn't get that vibe off them I don't think they're interested*

*[R2] Really, ah well. Hopefully I'll have better news tonight"*

(Paragraph breaks removed.)

33.2 Between 17.57 and 18.41, R2 and R3 continued the above exchange (HVL1, p. 514 and p.1633):

*"[R2] Hi hon. Its done. They said as long as I have help from you in the initial stages of setting up and notifying SRA law society and companies house they are going to give me a supervising solicitor to use. and also if u can sign me up as a trainee under the new solicitors name. Basically they want 3k a month to do nothing at all. And they want 3 months (9k) in advance upon signing of agreement which has been arrange d for this Saturday. Are you ok with all this*

*[...]*

*[R3] Well he has to sign up and take over the firm? It has to be in his name*

*[R2] Yes and that's all hes doing[.] Everything else will be me including client and office acc[.] They will just pop in every now and again to show they are 'supervising'*

*[R3] Work wise he may not do anything but he comes on as a director[.] You wld have to open your own accounts as I'll bring mine to nil balance*

*[R2] Oh ok can you help me with all that please"*

(Paragraph breaks removed.)

- 33.3 At 20.10, R4 sent an email to R3 which attached a draft version of the AGBSA. R3 forwarded the email and attachment to R2 at 20.12 (HVL1, p.530). At this stage, it appears to have been anticipated that both R1 and R2 would purchase the Firm from R3 and R4.
- 33.4 At 21.06, R2 sent R3 a tracked change amended version of the draft AGBSA (HVL1, pp.533-539).
- 33.5 At 22.46, R2 sent R3 a draft version of the Trainee–Principal Agreement. In the email to which she attached this draft, R2 stated: “*I drafted this Agreement between the new guy and myself. Can you please check it before sending it to him. Is it OK? Have I left anything out?*” (HVL1, p.541)

#### **D.4.2 THE AGBSA, THE TRAINEE–PRINCIPAL AGREEMENT AND OTHER AGREEMENTS ENTERED INTO FOR THE SALE OF THE FIRM**

- 34 On or around 24 January 2020, R1, R3, R4 executed and entered into the AGBSA. The terms of the AGBSA include (HVL1, pp.331-337):

*“This ASSIGNMENT is made this 24 day of January 2020 between Nageena Chaudhry and Mohammed Saleem directors of SILVERMAN PEAKE LLP (herein after called ‘the Seller/ Vendor’) of the first part and MD Zahidul Islam and all successors (hereinafter called ‘the Buyer/ Purchaser’) of the second part.*

*[...]*

#### **2. Sale and Purchase**

*Subject to the terms and conditions of this agreement the seller will sell and the buyer will purchase the business as a going concern comprising:*

- I. The goodwill*
- II. The fixtures and fittings*

#### **3. Purchase Price**

- 3.1 *The purchase price shall be the sum of £25,001.00 and shall be apportioned as follows:*

- I. The goodwill; £25,000.00*



- II. *The fixtures and fittings: £1.00*
- III. *Apportionment of indemnity insurance premium and Law Society Renewal fees from the date hereof to October 2020 such apportionments are detailed below [sic]*

[...]

#### **4. COMPLETION**

##### **4.1 In consideration of the sums referred to in clause 3.1**

- A. *The Seller will resign as directors of Silverman Peake LLP and the Buyer will be appointed as a director*
- B. *The goodwill associated with the Business of Silverman Peake Solicitors will pass from the Seller to the Buyer*

[...]

- D. *The Buyer will be appointed as the COLPA and COFA of the Business and Nageena Choudhry will resign from this position*

[...]

- F. *The Buyer will complete all necessary forms in addition to FA4 and file them with the SRA or any other governing body to absolutely transfer all of the Business. Any associated fee will be the Buyer's.*

- G. *The Seller will remove themselves from MY SRA and the Buyer will takeover the running of MY SRA*

[...]

#### **8. Additional clauses**

##### **8.1 The Seller will provide handover assistance for a period of 8-12 weeks**

##### **8.2 In consideration of the 8.1 the Seller will from the Business complete all existing files that exist at the date hereof and will benefit 100% from all fees and benefits derived from such matters. The existing accounts for the Business will be in the sole control of the Seller until such time all existing files have been completed and the account balance is brought to 0. Any liability and compliance and regulatory obligations for such files and accounts remain with the Business and the Buyer at all times."**

35 R1, R3 and R4 also entered into a Rider to the AGBSA, but its terms are not material to the present proceedings (HVL1, p.338).

36 On or around 24 January 2020, R1 and R2 executed and entered into the Trainee–Principal Agreement. The terms of the Trainee–Principal Agreement include (HVL1, pp.339-341):

*“This Agreement is between the Parties:*

*MD Zahidul Islam, hereinafter referred to as the 'Principal'.*

*and*

*Zarina Bostan, Trainee Solicitor at Silverman Peake Solicitors LLP, hereinafter referred to as the 'Trainee'.*

*The Parties agree to the following terms:*

1. *The Principal will become a member of Silverman Peake Solicitors LLP (SPS) for the premium agreed between the Trainee and the current Members/Directors of SPS. The Premium of £25,001.00 has been agreed and will be borne by the Trainee on the outset as well as all of the additional financial liabilities that are necessary for the Transfer.*

*[...]*

3. *In the meantime the Trainee will be an employee of the firm and have a salary of £35,000.00 net per annum until she is qualified.*  
*[...]*

*[...]*

5. *The Trainee will resume her Training Contract at SPS and will also be the Branch Manager of the office currently situated at 127 High Road, Laughton, IG10 4LT. The Trainee will have full control of the running of the office with the support (where required) of the current members Nageena Chaudhry and Mohammed Saleem of SPS, without any further interference from the Principal.*

*[...]*

7. *The Principal agrees to Supervise the Trainee, but will allow the Trainee to run the office as she deems fit and reasonable as well as the hiring of any staff when required by the needs of the business. This also includes the changing of the name of the Firm as well as the location of the offices, if she considers it a sensible and viable option to do so without any interference from the Principal.*

[...]

9. *The Principal agrees to open a Firm Business account (Client and Office) but only the Trainee is to have full and sole access to the SPS Client and Office Account from the outset as the signatory (if possible as a Trainee). The Principle [sic] can access the accounts for the purpose of monitoring the conduct of the Trainee but cannot have any control over any transactions from either the Client or Office accounts and any such actions will be the sole responsibility of the Trainee.*

[...]

13. *The Principal agrees to remove himself from the Partnership of the Firm upon the Trainee being a qualified solicitor for 3 years or upon such a time the SRA allows a solicitor to run a Firm prior to being 3 years qualified, whichever is sooner. For the avoidance of doubt the Principal acts merely as a supervising solicitor to watch and monitor the Trainee's conduct. The Principal will have no other legal rights upon the Firms conduct and/or financial liabilities."*

37 It appears that, at around the same time, R2, R3 and R4 entered into a Guarantee and Indemnity Agreement under which R2 as Guarantor guaranteed and indemnified the R1's and the Firm's liabilities to R3 and R4 as Beneficiary (HVL1, pp.342-346). The signatures to the Guarantee and Indemnity Agreement were witnessed by Kalvir Viridi, another member of Ali Levene Solicitors LLP. The SRA relies on the existence of the Guarantee and Indemnity Agreement as relevant to R3's and R4's intentions and knowledge in their sale of the Firm to R1.

## **D.5 After the sale of the Firm**

### **D.5.1 PAYMENT UNDER THE AGBSA AND PURSUANT TO THE TERMS OF THE TRAINEE– PRINCIPAL AGREEMENT**

38 On 24 January 2020, R2 and R3 had the following text exchange (HVL1, p.2270):

*"[R2] Morning hon. I assume you will want paying upon signing of the Agreement. I dont yet have your personal bank details. Please provide the same so I can do so immediately following the Agreements being signed.*

*[R3] Morning just sending you a basic guarantee agreement for you to sign*

*[R2] Hi I've left home already. Can we do this Monday*

*[R3] It's best to get signed up today so it's all done[.] I'll bring the hard copy"*

(Paragraph break removed.)

39 On 24 January 2020 or shortly thereafter, R2 paid £25,001.00 to R3's personal bank account (HVL1, p. 119, line 15 onwards, and p.780, para.28). By doing so:

39.1 R2 discharged her obligation under cl 1 of the Trainee–Principal Agreement; and

39.2 Under the AGBSA, consideration moved for the sale of the Firm from R1 to R3 and R4.

#### **D.5.2 MEMBERS OF THE FIRM**

40 Resignations and appointments of members of the Firm took place as follows:

40.1 On 27 January 2020, R3 resigned as a member and R1 was appointed as a member (HVL1, p.2095).

40.2 On 7 February 2020, R4 resigned as a member (HVL1, p.2095).

40.3 On 24 February 2020, R2 was appointed as a member (HVL1, p.2094).

41 Notwithstanding their resignations as members of the Firm, pursuant to the terms of the AGBSA, R3 and R4 continued, until at least October 2020, to be employed as consultants to the Firm, working on files of which they had had conduct prior to the sale and continued to have conduct following the sale.

#### **D.5.3 THE FIRM'S AUTHORISATION BY THE SRA**

42 Under the Legal Services Act 2007 (the "**LSA**"), the Firm was:

42.1 an authorised body from its inception and authorised by the SRA as a recognised body on 6 March 2014;

- 42.2 became licensable on 24 February 2020, when R2, a non-authorised person, was appointed as a member of the Firm: s 72 of the LSA;
- 42.3 ceased to be authorised on 24 May 2020, 90 days after it became licensable: s 18(3) of the LSA.
- 43 No application to the SRA was made after this time for the Firm to be authorised as a licensed body.

#### **D.5.4 THE FIRM'S BANK ACCOUNTS**

- 44 Prior to the sale of the Firm, the Firm held five bank accounts with Barclays bank (HVL1, p.30, para.21). Following the sale, pursuant to cl 8.2 of the AGBSA, R3 and R4 retained control of the Firm's accounts with Barclays and all five remained open until October 2020. Statements for the Barclays accounts are exhibited at HVL1, pp.2298-3955.
- 45 On 8 February 2020, R2 and R3 exchanged text messages in which R3 stated "*You can open the new accounts now[.] Metro is the best bank to go to*" (HVL1, p.875).
- 46 In or around February 2020, the Firm opened new office and client bank accounts with Metro Bank (HVL1, p.30, para.23). Statements for the client and business Metro Bank accounts are exhibited at (HVL1, pp.2160-2268).
- 47 On 4 March 2020, R2 and R3 had the following text message exchange (HVL1, p.2269):
- "[R3] Can I pls have your office acc details[.] I've had to cancel all Direct Debits and need to direct them to your acc*
- [R2] Saleem should have these[.] But let me know when the direct debits are due to go out as no money in there yet"*
- 48 Consistently with R3's and R4's retention of control over the Firm's accounts with Barclays, on 19 May 2020, R2 emailed Ewa Sawicz, a bookkeeper for the Firm, stating (HVL1, p.2276):

*"I am not sure how to prepare the spreadsheet for you but I will have a go. Do you have any tips on the best way to do this.*

***I know Nageena will be emailing you separately for her accounts [...]***

(Emphasis added.)

- 49 On 3 October 2020, R1 emailed Ms Sawicz and Tej Beeharry, another bookkeeper for the Firm, stating (HVL1, p.1973):

*“I believe you have been dealing with the Practice Manager Zarina Bostan to date and thought I’d take this opportunity to introduce myself. You may already know but I am the Principal of the firm and Zarina’s supervising solicitor.*

*I understand that you have dealt with the Firm’s accounts since its inception and that you produce the year on year accounts as well as carrying out of the quarterly VAT returns.*

*To that end, can you please confirm when the last client account accountant’s report was filed as per the SRA rules 12.1.*

*[...]*

*Can I please have a copy of the report as a matter of urgency.*

*If you have not prepared any report and/or have no instructions to do this, then I would be grateful to receive confirmation of the same. Can you also please confirm if you have reconciled our client’s account both before and after my purchasing of the Firm? If after, then can I have the balance sheet showing the reconciliations from the date the client account was opened, to date.*

*I understand Zarina has already requested this however, I would like to reiterate that nothing to do with the Firm is to be discussed with either Nageena Choudhry or Muhammed Saleem. I understand that they are still using their previous client account at Barclays for transactions and I would like to make it clear, this is completely without authorisation as this should have been closed upon the opening of our client account at Metro. I was assured this would be done.”*

- 50 The FI report records (HVL1, p.32):

“28. The copy statement for the firm’s Barclays Bank accounts were obtained by notice to Barclays Bank [...].

29. On 7 September 2021, the SRA issued a production notice to the former partners in respect of the firm’s books of account [...]. Mr Jaja also emailed a letter to the former partners on 25 September 2021 with additional questions [...]. The former partners responded to the production notice on 10 September 2021 and

*the additional questions on 27 October 2021 [...]. Their responses included the following information:*

- a) the firm had five bank accounts with Barclays Bank and the current managers had 'access to hard copy of the Barclays accounts' [...]. However, only the former partners had 'access to online copy of the Barclays accounts' [...].*
- b) citing Clause 8.2 of the Succession Agreement, Ms Choudhry said, 'Zahidul Islam was responsible for maintaining all accounts' and was 'responsible for the reconciliation of all accounts' [...].*

*30. In an email to Mr Jaja dated 28 September 2021, Ms Bostan said, 'we were never given access to the Barclays account because we were always told it was going to get closed' [...].*

*31. As at 24 January 2020, the firm Barclays Client Account (A/C [REDACTED] 394) held a balance of £735,142.84. The account was closed with a £nil balance in October 2020. The former partners and the firm did not provide any books of accounts for the firm's Barclays Bank accounts from the period of January 2020 to October 2020. As a result, the firm's liabilities to its clients for monies held in the Barclays account could not be calculated from January 2020 to October 2020."*

51 Client monies were paid into and out of the Firm's Barclays client account in the period January 2020 to October 2020, as R1 stated in his email quoted at para 49 above. See, for example, the statements at HVL1, pp.2298-3955.

52 R1 was a manager of the Firm starting on 27 January 2020. R2 was a manager of the Firm starting on 24 February 2020. They were jointly and severally responsible for the Firm's compliance with the SRA Accounts Rules (2019) from the dates they became managers onward.

53 None of the Firm, R1 or R2 (or, indeed R3 or R4) were able to provide the FIO with books of accounts for the Firm's Barclays Bank accounts for the period January 2020 to October 2020. It follows that the Firm had failed, as required by rr 8.1(b) and (c) of the SRA Accounts Rules (2019), for that period to:

53.1 maintain a list of all the balances shown by the client ledger accounts of the liabilities to clients (and third parties), with a running total of the balances; and/or

- 53.2 provide a cash book showing a running total of all transactions through client accounts held or operated by the Firm.
- 54 Given the FIO had to obtain copy statements for the Firm's Barclays Bank accounts by notice to Barclays Bank, as recorded at para 28 of the FI Report, the Firm, R1 and R2 had failed, for the relevant periods, to obtain, at least every five weeks, statements from banks, building societies and other financial institutions for all client accounts and business accounts held or operated by the Firm, as required by r 8.2 of the SRA Accounts Rules (2019).
- 55 Given the foregoing matters, it follows that the Firm, R1 and R2 had failed, for the relevant periods, to complete, at least every five weeks, reconciliations in accordance with and as required by r 8.3 of the SRA Accounts Rules (2019).

#### **D.5.5 GOVERNANCE OF THE FIRM**

- 56 At least until 3 October 2020 (see para 49 above), R1 and R2 conducted themselves in accordance with the terms of the Trainee–Principal Agreement, namely that R1 did not interfere with R2's running of the 127 High Rd office and R2 exercised total control over the Firm's Metro Bank accounts, among other things.
- 57 The SRA relies on contemporaneous documents, including text messages and emails between the Respondents. For example, R2 and R4 exchanged text messages on 4 April 2020 in which R4 stated he had been to the office to pick up post, there were urgent court orders which had not been forwarded or scanned, and "*One of [our] claims has been struck out*" (HVL1, p.893).
- 58 The SRA also relies on the responses which the Respondents gave in their regulatory interviews, transcripts of which are at (HVL1, pp.71-285). R1 had the following exchange with the FIO, for example (HVL1, p.259):

*"FJ Ok. Can you talk to me very briefly about this document [the Trainee–Principal Agreement]?"*

*ZI To be honest this is what was agreed between us.*

*FJ Ok.*

*ZI Between Zarina and me, that she will - oh, because Zarina, what Zarina told me that she's investing the money*



FJ Yes.

ZI *so obviously she will - she would like to have the peace that she has her firm and Nageena and Saleem they confirmed this is completely fine. Probably this is drafted by Nageena, I don't know who drafted it. Probably it's drafted by them. They told me this is completely fine, that we have signed an indemnity for you, you enter into an, agreement with her, whatever it is. I can see that lots of things that she will have sole, and sole responsibility and power or whatever. But to be honest sir, as I said to you, this was not part - very important to me. I - if this is not come to an issue no-one would have known that this document existed in, in the world.*

FJ *So what were the intention behind this document then. This is a very specific document and had a definition here that says, 'You are the principal and she's the trainee'. Those are specific explanations which ...*

ZI *They are specific - quite possible this document is, she paid for the firm.*

[...]

ZI *Just to give - I mean effect to the fact that she paid the £25,000.00 and this is her firm [...]"*

#### **D.5.6 THE PA CLIENT MATTER**

- 59 In March 2018, PA instructed the Firm in respect of a road traffic accident (personal injury) matter. The Firm acted on a conditional fee agreement (“**CFA**”) (HVL1, pp.383-390).
- 60 Initially, R3 had conduct of this matter. R3 identified an inconsistency between PA’s medical records and the information he had set out on the Firm’s claim form and disclosed during his medical assessment. R3 sought clarification about the inconsistency from PA but received no response (HVL1, pp.410-411).
- 61 The firm terminated its CFA with PA (HVL1, p.412), and issued a claim against PA for its fees and disbursements (HVL1, p.404).
- 62 On 29 July 2019, the defendant made a Part 36 Offer to settle PA’s matter (HVL1, p.413). The Firm communicated the offer to PA but did not receive a response (HVL1, pp.425-428).

63 In October 2020, conduct of PA's file was handed over to R2. On 19 November 2020, R2 purported to accept the Part 36 Offer, without PA's instructions or authorisation (HVL1, p.430).

64 The following exchange took place between the FIO and R2 during R2's regulatory interview (HVL1, p.230):

*FJ Ok. Did you think you had [PA]'s authority to accept the offer at that point?*

*ZB No, no, no.*

*FJ You didn't.*

*ZB That, that is where I put my hands up quite right."*

#### **D.6 Closure of the Firm**

65 As noted above, the Firm ceased to be authorised on 24 May 2020, 90 days after it became licensable. Nevertheless, it continued to trade.

66 Paragraph 10 of the FI Report records (HVL1, p.28):

*"The firm submitted a closure notification to the SRA on 21 December 2021 [...]. It cited "being subject of a stressful forensic SRA investigation" as a summary of circumstances for the proposed closure [...]. The firm was only seeking to revoke the authorisation of the limited liability partnership and not the authorisation of the firm [...]."*

67 The SRA's records show no evidence of the Firm seeking approval in respect of R2's ownership, directorship, or interest in the Firm between 24 January 2020 and 4 December 2020. Further, no application was made by the Firm to the SRA to be authorised as a licensed body.

## **E BREACHES OF RULES AND PRINCIPLES**

### ***E.1 Rules and Principles applicable to the Allegations against all Respondents***

#### **E.1.1 MAINTENANCE OF PUBLIC TRUST IN THE PROFESSION: PRINCIPLE 2 OF THE SRA PRINCIPLES (2019)**

- 68 At all material times, Principle 2 of the SRA Principles (2019) provided: *“You act in a way that upholds public trust and confidence in the solicitors’ profession and in legal services provided by authorised persons”*.
- 69 In the circumstances, the Respondents’ actions breached Principle 2.
- 70 R1’s actions breached Principle 2 because the public’s trust will inevitably be undermined if they are aware of instances in which a solicitor, as in Allegations 1.1 and 1.2:
- 70.1 agrees to and does purchase a firm and become its sole manager, COLP and COFA; and
- 70.2 agrees with a trainee solicitor, who by definition was not fully qualified as a solicitor, and in circumstances where he is the only manager of the firm admitted to the Roll, that the trainee will be solely responsible for the running of the firm’s office and the firm’s client and office bank accounts.
- 71 R2’s actions breached Principle 2 because the public’s trust will inevitably be undermined if they are aware of instances in which:
- 71.1 as in Allegations 2.1 and 2.2, a trainee solicitor agrees with her firm’s sole manager, COLP and COFA that she will be solely responsible for the running of the firm’s office and the firm’s client and office bank accounts; and
- 71.2 as in Allegation 2.5, a trainee solicitor purports to accept a Part 36 offer on behalf of a client despite not having instructions to do so and in circumstances where there is an own interest conflict or a significant risk of such a conflict.
- 72 R3’s and/or R4’s actions breached Principle 2 because the public’s trust will inevitably be undermined if they are aware of instances in which a solicitor agrees to sell their

interest in a firm, as in Allegations 3.1 and 4.1 respectively, while having the knowledge and/or belief set out in Allegations 3.2 and 4.2 respectively. The public would be dismayed to learn that solicitors had agreed to sell their firm while they knew or had reasonable grounds to suspect, among other things, that:

72.1 a trainee solicitor they had previously asked to resign, believing her to have lied during her recruitment, would pay for the firm on behalf of its buyer;

72.2 the trainee solicitor would thereafter be reemployed by the firm; and

72.3 the firm's sole manager, COLP and COFA following the sale was unable to and/or would not effectively supervise the trainee solicitor's work for clients.

73 Further, in the case of R3, the public would be dismayed to learn that R3 sold her interest in the firm in circumstances where she was aware, or had reasonable grounds to suspect, that the trainee solicitor, who by definition was not fully qualified as a solicitor, would thereafter have control of one or more of the Firm's client and/or office accounts and the firm's sole manager, COLP and COFA would not.

#### **E.1.2 INTEGRITY: PRINCIPLE 5 OF THE SRA PRINCIPLES (2019)**

74 At all material times, Principle 5 of the SRA Principles (2019) provided: "*You act with integrity*".

75 In *Solicitors Regulation Authority v Wingate & Anor*<sup>1</sup> ("**Wingate**"), Jackson LJ, giving the only substantive judgment, held that:

"97 *In professional codes of conduct, the term "integrity" is a useful shorthand to express the higher standards which society expects from professional persons and which the professions expect from their own members. [...] The underlying rationale is that the professions have a privileged and trusted role in society. In return they are required to live up to their own professional standards.*

[...]

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<sup>1</sup> [2018] EWCA Civ 366; [2018] 1 WLR 3969.

100 *Integrity connotes adherence to the ethical standards of one's own profession. That involves more than mere honesty. [...]*

101 *The duty to act with integrity applies not only to what professional persons say, but also to what they do. It is possible to give many illustrations of what constitutes acting without integrity. For example, in the case of solicitors:*

(i) *A sole practice giving the appearance of being a partnership and deliberately flouting the conduct rules: the Emeana case [2014] ACD 14.*

(ii) *Recklessly, but not dishonestly, allowing a court to be misled: the Brett case [2015] PNLR 2.*

(iii) *Subordinating the interests of the clients to the solicitors' own financial interests: the Chan case [2015] EWHC 2659 (Admin).*

(iv) *Making improper payments out of the client account: the Scott case [2016] EWHC 1256 (Admin).*

(v) *Allowing the firm to become involved in conveyancing transactions which bear the hallmarks of mortgage fraud (the Newell-Austin case [2017] Med LR 194.*

(vi) *Making false representations on behalf of the client: the Williams case [2017] EWHC 1478 (Admin)."*

76 In the circumstances, when set against the guidance given by the Court of Appeal in *Wingate*, the Respondents' actions lacked integrity.

77 R1's actions lacked integrity because a solicitor acting with integrity and adhering to the ethical standards of the profession would not, as in Allegations 1.1 and 1.2:

77.1 agree to and purchase a firm and become its sole manager, COLP and COFA; and

77.2 agree with a trainee solicitor, who by definition was not fully qualified as a solicitor, and in circumstances where he is the only manager of the firm admitted to the Roll, that the trainee will be solely responsible for the running of the firm's office and the firm's client and office bank accounts.

78 R2's actions lacked integrity because a trainee solicitor acting with integrity and adhering to the ethical standards of the profession would not:

- 78.1 as in Allegations 2.1 and 2.2, agree with her firm's sole manager, COLP and COFA that she will be solely responsible for the running of the firm's office and the firm's client and office bank accounts; and
- 78.2 as in Allegation 2.5, purport to accept a Part 36 offer on behalf of a client despite not having instructions to do so and in circumstances where there is an own interest conflict or a significant risk of such a conflict.
- 79 R3's and R4's actions lacked integrity because a solicitor acting with integrity and adhering to the ethical standards of the profession would not, in light of their knowledge at Allegations 3.2 and 4.2 respectively, agree to sell their interest in their firm to R1 as in Allegations 3.1 and 4.1 respectively. Solicitors acting with integrity would not agree to sell their firm while they knew or had reasonable grounds to suspect, among other things, that:
- 79.1 a trainee solicitor they had previously asked to resign, believing her to have lied during her recruitment, would pay for the firm on behalf of its buyer;
- 79.2 the trainee solicitor would thereafter be reemployed by the firm; and
- 79.3 the firm's sole manager, COLP and COFA following the sale was unable to and/or would not effectively supervise the trainee solicitor's work for clients.
- 80 Further, in the case of R3, a solicitor acting with integrity would not agree to sell their interest in their firm to R1 in circumstances where she was aware, or had reasonable grounds to suspect, that the trainee solicitor, who by definition was not fully qualified as a solicitor, would thereafter have control of one or more of the Firm's client and/or office accounts and the firm's sole manager, COLP and COFA would not.

### **E.1.3 PROPER GOVERNANCE: PARAGRAPH 2.1 OF THE SRA CODE OF CONDUCT FOR FIRMS (2019)**

- 81 At all material times, Paragraph 2.1 of the SRA Code of Conduct for Firms (2019) provided:

*"You have effective governance structures, arrangements, systems and controls in place that ensure:*

- (a) *you comply with all the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements, which apply to you;*
- (b) *your managers and employees comply with the SRA's regulatory arrangements which apply to them;*
- (c) *your managers and interest holders and those you employ or contract with do not cause or substantially contribute to a breach of the SRA's regulatory arrangements by you or your managers or employees;*
- (d) *your compliance officers are able to discharge their duties under paragraphs 9.1 and 9.2 below."*

82 R1 and R2 breached Paragraph 2.1 by their actions in Allegations 1.1 and 2.1 respectively by entering into, and carrying into effect the terms of, the Trainee–Principal Agreement. The terms of that agreement quoted at para 36 above are incompatible with compliance with Paragraph 2.1.

83 R3 breached Paragraph 2.1 by her actions in Allegations 3.1 and 3.2 and R4 breached Paragraph 2.1 by his actions in Allegations 4.1 and 4.2 in that R3 and R4 acted so as to bring about a sale of the firm after which, as they were aware both at the time of the sale and thereafter, while they were employed as consultants to the Firm:

83.1 the buyer, R1, would be the Firm's sole manager, COLP and COFA, but he was unable to and/or would not, and in fact did not, effectively supervise R2's work for clients; and

83.2 in the case of R3, that R1 would not and did not have control of the Firm's client and/or office bank accounts and R2 would and did have such control.

## **E.2 Rules 8.1–8.3 of the SRA Accounts Rules (2019)**

84 At all material times, rr 8.1(b), 8.1(c), 8.2 and 8.3 of the SRA Accounts Rules (2019) provided:

*"8.1 You keep and maintain accurate, contemporaneous, and chronological records to:*

*[...]*

(b) *maintain a list of all the balances shown by the client ledger accounts of the liabilities to clients (and third parties), with a running total of the balances; and*

(c) *provide a cash book showing a running total of all transactions through client accounts held or operated by you.*

8.2 *You obtain, at least every five weeks, statements from banks, building societies and other financial institutions for all client accounts and business accounts held or operated by you.*

8.3 *You complete at least every five weeks, for all client accounts held or operated by you, a reconciliation of the bank or building society statement balance with the cash book balance and the client ledger total, a record of which must be signed off by the COFA or a manager of the firm. You should promptly investigate and resolve any differences shown by the reconciliation."*

85 At all material times, rr 1.1 and 1.2 of the SRA Accounts Rules (2019) provided:

"1.1 *These rules apply to authorised bodies, their managers and employees and references to "you" in these rules should be read accordingly.*

1.2 *The authorised body's managers are jointly and severally responsible for compliance by the authorised body, its managers and employees with these rules."*

86 R1 breached rr 8.1(b), 8.1(c), 8.2 and 8.3 as set out in Allegations 1.3 and 1.4 and R2 breached rr 8.1(b), 8.1(c), 8.2 and 8.3 as set out in Allegations 2.3 and 2.4 because:

86.1 during the periods in which they were managers of the Firm within the meaning of the StaRs, R1 and R2 were, pursuant to rr 1.1 and 1.2, jointly and severally responsible for the Firm's compliance with the SRA Accounts Rules (2019); and

86.2 the Firm failed to comply with rr 8.1(b), 8.1(c), 8.2 and 8.3.

### ***E.3 Rules and Principles applicable only to Allegation 2.5 against the Second Respondent***

87 At all material times:

87.1 Principle 7 of the SRA Principles (2019) provided: "*You act in the best interests of each client*".



87.2 Paragraphs 3.1 and 6.1 of the SRA Code of Conduct for Solicitors, RELs and RFLs (2019) provided:

*“3.1 You only act for clients on instructions from the client, or from someone properly authorised to provide instructions on their behalf. If you have reason to suspect that the instructions do not represent your client's wishes, you do not act unless you have satisfied yourself that they do. However, in circumstances where you have legal authority to act notwithstanding that it is not possible to obtain or ascertain the instructions of your client, then you are subject to the overriding obligation to protect your client's best interests.”*

*“6.1 You do not act if there is an own interest conflict or a significant risk of such a conflict.”*

88 By her actions in Allegation 2.5, R2 breached:

88.1 paragraph 3.1 of the SRA Code of Conduct for Solicitors, RELs and RFLs (2019) by purporting to accept a Part 36 offer on behalf of PA when she had no instructions and was not properly authorised to do so;

88.2 paragraph 6.1 of the SRA Code of Conduct for Solicitors, RELs and RFLs (2019) by purporting to accept a Part 36 offer on behalf of PA when there was an own interest conflict or a significant risk of such a conflict in that the Firm had previously terminated its retainer with PA and issued proceedings against him. An own interest conflict is any situation in which a solicitor's duty to act in the best interests of their client, in relation to a matter, conflicts, or there is a significant risk that it may conflict, with the solicitor's own interests in relation to that or a related matter. Having issued proceedings against PA for its fees and disbursements, there was either an actual conflict or a significant risk of a conflict between the Firm's interests in relation to PA's matter and the Firm's duty to act in PA's best interests. The Firm's interest in relation to PA's matter was in PA receiving an amount in damages sufficient to cover amounts unpaid by PA to the Firm as soon as possible. PA's interest was to receive the maximum reasonable amount in damages and there was at least a significant risk that the Part 36 offer did not represent the same; and/or

88.3 Principle 7 by reason of the foregoing paragraphs which amount individually or collectively to a failure to act in PA's best interests.

## **F THE SRA'S INVESTIGATION**

89 The SRA has taken the following steps to investigate the allegations it makes against the Respondents:

89.1 Following receipt of reports on 20 October 2020, 22 December 2020, and 15 January 2021, the SRA commissioned a forensic investigation on 21 February 2021. The investigation commenced on 11 May 2021, due to delays caused by COVID-19.

89.2 Production notices were sent to the Firm on 21 June 2021 (HVL1, pp.61-62) and to the former partners on 7 September 2021 (HVL1, pp.63-64).

89.3 On 27 July 2021, the SRA served a notice on Barclays requesting copy bank statements (HVL1, pp.65-67).

89.4 On 3 August 2021, Barclays responded providing details and the bank mandate (HVL1, pp.68-70).

89.5 On 11 October 2021, at 10.23, the FIO and Helen Maskell, a SRA Forensic Investigation Manager, interviewed R3 (HVL1, pp.71-156).

89.6 On 11 October 2021, at 13.25, the FIO and Ms Maskell interviewed R4 (HVL1, pp.157-185).

89.7 On 18 October 2021, at 10.09, the FIO and Myles Robinson, another SRA Forensic Investigation Officer, interviewed R2 (HVL1, pp.186-248).

89.8 On 18 October 2021, at 13.02, the FIO and Mr Robinson interviewed R1 (HVL1, pp.249-285).

89.9 The SRA served a notice recommending referral of the Respondents' conduct to the Solicitors Disciplinary Tribunal dated 1 August 2022 (the "**Notice**") on the Respondents (HVL1, pp.1-24).

89.10 The SRA received and considered representations from R1 dated 31 October 2022 (HVL1, pp.639-643), R2 dated 3 October 2022 (HVL1, pp.481-617), and from the representative of R3 and R4, Nigel West, dated 11 October 2022 (HVL1, pp.774-820).

- 89.11 On 14 November 2022, Mr West requested a direction that cross-disclosure of the responses to the Notices by the respondents be made, together with disclosure requests (HVL1, pp.1526-1532).
- 89.12 On 1 December 2022, an Authorised Decision Maker made a direction that the matter be referred back to the SRA's Investigation Officer to arrange cross-disclosure of the representations on the Notice, and to give the respondents an opportunity to make representations (HVL1, pp.1539-1542, pp.1559-1560, and pp.1563-1564). The responses were subsequently disclosed.
- 89.13 The SRA received and considered further representations from R1 dated 13 January 2023 (HVL1, pp.1561), R2 dated 23 January 2023 (HVL1, pp.1565-1595), and from the representative of R3 and R4, Nigel West, dated 20 January 2023 (HVL1, pp.1546-1555).
- 89.14 On 22 April 2024, an Authorised Decision Maker referred the conduct of the Respondents to the Solicitors Disciplinary Tribunal (HVL1, pp.2040-2083). The Authorised Decision Maker considered it was not in the public interest to refer the Firm, given its closure and the fact the key individuals had all been referred to the Tribunal (HVL1, pp.2084-2091).

### **Statement of Truth**

I believe that the facts and matters stated in this statement are true.

**Signed**



**Full name**

Hannah Victoria Lane

**Date**

25 July 2024

**IN THE SOLICITORS DISCIPLINARY TRIBUNAL  
AND IN THE MATTER OF THE SOLICITORS ACT 1974**

**BETWEEN:**

**SOLICITORS REGULATION AUTHORITY LIMITED      Applicant**

**v**

**(1) MD ZAHIDUL ISLAM (SRA ID: 533716)  
(2) ZARINA SHAHEEN BOSTAN (SRA ID: 616086)  
(3) NAGEENA CHOUDHRY (SRA ID: 293557)  
(4) MOHAMMED SALEEM (SRA ID: 545328)      Respondents**

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**APPENDIX 1 TO STATEMENT PURSUANT TO RULE 12 OF  
THE SOLICITORS (DISCIPLINARY PROCEEDINGS) RULES 2019**

**RELEVANT RULES AND REGULATIONS**

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**SRA Principles (2019)**

Principle 2	You act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons
Principle 5	You act with integrity
Principle 7	You act in the best interests of each client

## **SRA Code of Conduct for Solicitors, RELs and RFLs (2019)**

- Paragraph 3.1      You only act for clients on instructions from the client, or from someone properly authorised to provide instructions on their behalf. If you have reason to suspect that the instructions do not represent your client's wishes, you do not act unless you have satisfied yourself that they do. However, in circumstances where you have legal authority to act notwithstanding that it is not possible to obtain or ascertain the instructions of your client, then you are subject to the overriding obligation to protect your client's best interests.
- Paragraph 6.1      You do not act if there is an own interest conflict or a significant risk of such a conflict.

## **SRA Code of Conduct for Firms (2019)**

- Paragraph 2.1      You have effective governance structures, arrangements, systems and controls in place that ensure:
- (a) you comply with all the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements, which apply to you;
  - (b) your managers and employees comply with the SRA's regulatory arrangements which apply to them;
  - (c) your managers and interest holders and those you employ or contract with do not cause or substantially contribute to a breach of the SRA's regulatory arrangements by you or your managers or employees;
  - (d) your compliance officers are able to discharge their duties under paragraphs 9.1 and 9.2 below.

## **SRA Accounts Rules (2019)**

Rules 8.1(b)–(c)      You keep and maintain accurate, contemporaneous, and chronological records to:

[...]

(b) maintain a list of all the balances shown by the client ledger accounts of the liabilities to clients (and third parties), with a running total of the balances; and

(c) provide a cash book showing a running total of all transactions through client accounts held or operated by you.

Rule 8.2              You obtain, at least every five weeks, statements from banks, building societies and other financial institutions for all client accounts and business accounts held or operated by you.

Rule 8.3              You complete at least every five weeks, for all client accounts held or operated by you, a reconciliation of the bank or building society statement balance with the cash book balance and the client ledger total, a record of which must be signed off by the COFA or a manager of the firm. You should promptly investigate and resolve any differences shown by the reconciliation.