CASE NO.

BEFORE THE SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 (as amended)

AND IN THE MATTER OF:

SOLICITORS REGULATION AUTHORITY LIMITED

Applicant

- and –

STEVEN SIMPKINS

Respondent

STATEMENT PURSUANT TO RULE 12 (2) OF THE SOLICITORS (DISCIPLINARY PROCEEDINGS) RULES 2019

I, Jagjeet Gibson, am a Solicitor employed by the Solicitors Regulation Authority Limited of The Cube, 199 Wharfside Street, Birmingham, B1 1RN. I make this Statement on behalf of the Applicant, the Solicitors Regulation Authority Limited ("SRA").

The Allegation

The allegations against the Respondent, Mr Steven Simpkins ("Mr Simpkins"), made by the SRA are that, whilst in practice as a Solicitor at Simpkins & Co Solicitors ("the Firm") he:

1. Caused or allowed the firm to have a minimum client account shortage of £145,900 in relation to client A and in doing so, he breached any or all of:

   (i) Principles 2 and 5 of the SRA Principles 2019.

   (ii) Rule 5.1, Rule 5.2 and Rule 6.1 of the SRA Accounts Rules 2019.

   (iii) Paragraph 4.2 and 5.2 of the SRA Code of Conduct for Solicitors, RELs and RFLs 2019.

The facts and matters relied upon in support of this allegation are set out in paragraphs 18 -55 below.

2. Caused or allowed the firm to have a minimum client account shortage of £15,913.78 in relation to client B and in doing so, he breached any or all of:

    (i) Principles 2 and 5 of the SRA Principles 2019.
    (ii) Rule 5.1, Rule 5.2 and Rule 6.1 of the SRA Accounts Rules 2019.
    (iii) Paragraph 4.2 and 5.2 of the SRA Code of Conduct for Solicitors, RELs and RFLs 2019.

The facts and matters relied upon in support of this allegation are set out in paragraphs 56-89 below.

3. As the firm's sole manager, COLP and COFA, failed to have sufficient control and adequate supervision or oversight of the firm, and in doing so, he breached any or all of:

    (i) Principles 2 and 5 of the SRA Principles 2019.
    (ii) Paragraph 2.1 and 8.1 of the SRA Code of Conduct for Solicitors, RELs and RFLs 2019.

The facts and matters relied upon in support of this allegation are set out in paragraphs 90 to 110 below.

4. Provided information to the Forensic Investigation Officer of the SRA regarding the financial status of the firm that he knew/ought to have known was inaccurate and/or misleading, and in doing so, he breached any or all of:

    (i) Principles 2, 4 and 5 of the SRA Principles 2019.

The facts and matters relied upon in support of this allegation are set out in paragraphs 111 to 132 below.

Appendices and Documents

1. The following appendices are attached to and relied upon in this Statement:

   1.1. Appendix 1: Relevant rules and regulations

   1.2. Appendix 2: Anonymisation Schedule

2. I also attach to this statement a bundle of documents, marked **Exhibit JG1**, to which I refer in this statement. Unless otherwise stated, the page references in brackets ('[ ]') in this statement relate to documents contained in that bundle as per the pagination at the bottom right hand side of each page.

3. The bundle is divided into the following sections:

   Section A: Notice, and representations on Notice from the Respondent.

   Section B: Witness Statements and Documentary Evidence

   Section C: correspondence between the SRA and its representatives and the Respondent.

Professional Details

4. Mr Simpkins was born on [redacted] 1972.

5. Mr Simpkins was admitted as a solicitor on 1 August 2001.

6. He worked as a partner at the recognised body of Simpkins & Co Solicitors between 2004 and 2015 and thereafter at the Recognised Sole Practice of Simpkins & Co Solicitors (the firm).

7. Mr Simpkins was the firm's Compliance Officer for Legal Practice (COLP) and Compliance Officer for Finance and Administration (COFA).

8. By way of an Adjudicator's decision dated 6 March 2024 **(JG1, P38-48),** Mr Simpkins' Practising Certificate for 2023/24 was made subject to the following interim conditions:

   (a) Mr Simpkins is not a manager or owner of any authorised body, authorised non-SRA firm or legal services body.
   (b) Mr Simpkins may not act as a compliance officer for legal practice (COLP) or a compliance officer for finance and administration (COFA) for any authorised body.
   (c) Mr Simpkins does not hold or receive client money, or act as a signatory to any client or office account or have the power to authorise transfers from any client or office account.
   (d) Mr Simpkins does not provide legal services as a freelance solicitor offering reserved or unreserved services on his own account under Regulation 10.2(a) or (b) of the SRA Authorisation of Individuals Regulations.

<u>The facts and matters relied upon in support of the allegations</u>

Background

9. The SRA conducted a forensic investigation of the firm in March 2023 which had been prompted by a Qualified Accountants Report.

10. The Forensic Investigation Officer (FIO) found no evidence of misconduct and the investigation was closed.

11. On 12 April 2023, the FIO was contacted by Ms Jacque Aitken (Ms Aitken), the firm's office manager. Ms Aitken made allegations about Mr Simpkins conduct towards her and also stated that there was a client account shortage of £170,000 which had been hidden and that the FIO had been misled during her investigation.

12. As a result of this information, the SRA began a further forensic investigation at the firm. The FIO prepared a Forensic Investigation Report (FIR) dated 30 August 2023. **(JG1, P50 -230).**

13. That report found:

(a) That the firm had a minimum client account shortage of £176,413.78. This principally comprised damages due to two clients, clients A and B.

(b) During the period 27 April to 30 June 2023, after the SRA had written to Mr Simpkins to notify him that there was minimum shortage on client account, the firm continued to receive deposits totalling £214,251.86 into its client account and made transfers to its business account totalling £85,786.58.

(c) The firm planned to close on 30 September 2023 and Murdochs Law provided a closure plan on behalf of the firm. The client account shortage was to be replaced by the proceeds of sale of Mr Simpkins' home.

14. The firm in fact closed on 8 September 2023.

15. Mr Simpkins entered an Individual Voluntary Arrangement (IVA) on 8 March 2024.

16. As a result of information received after the date of the FIR, it became apparent that the shortfall of damages due to Client A was in the sum of £145,900. This is lower than the £160,500 identified by the FIO because Client A had received interim payments which were not recorded on the client ledger. This is set out in the FIO Witness Statement at **paragraph 6 (JG1, P241-243)**

17. The SRA understands that the shortfall of damages due to Clients A and B has recently been paid to them by the firm's insurers.

Allegation 1.1 - that the Respondent caused or allowed the firm to have a minimum client account shortage of £145,900 in relation to client A

18. During the interview with the FIO on 25 July 2023 Mr Simpkins admitted there was a minimum client account shortage **[JG1- P100].** The firm's closure plan provided by Murdochs Law also acknowledged the existence of a minimum client account shortage. **[JG1-P188]**

19. Client A had instructed the Firm in relation to a road traffic accident. The claim was funded by a Conditional Fee Agreement. The matter was settled by agreement on

20 July 2022. The **FIR at D.3.1 para 26 (JG1, P252)** shows that the client ledger recorded that damages totalling £290,000 were recovered.

20. The Firm made payments to Client A totalling £71,600 as set out at **Exhibit SB1 (JG1, P488).** Following receipt of the damages and deducting the success fee of 25 percent, together with payments to client A, at the date of the FIR, there remained an ongoing liability to Client A of £145, 900 (see paragraph 31 of the FIR although the amount paid to client A is incorrectly calculated as £57,000). The client matter recorded that there were no funds being held for client A as the ledger had reached a nil balance as of 20 March 2023 (see paragraph 32 of the FIR).

21. The evidence obtained during the investigation shows that client account money was not being used for the specific client it was being held for; instead, it was being transferred into the firm's office account to pay for PAYE, national insurance contributions and "office liabilities" **(JG1, P101-102).**

22. Ms Aitken made transfers from the client matter of client A. She admits this in her witness statement **[JG1, P276-277]** and those admissions and her explanation for them are referred to at **para 35 b and c** of the **FIR [JG1, P254]** and repeated below:

    - **para 35 b**):"*she made the transfers from the firm's account to the firm's office account. She knew that in the circumstances it was wrong but felt that she did not have a choice. She was "damned if I did and damned if I don't". She made the transfers to keep thye business going. A loan company had threatened to foreclose the business."*

    - ***para 35 c**)"the transfers were made from the client matter of client A as there was no other money in the firm".*

23. The evidence also shows that the identified shortage was not immediately replaced and Ms Aitken told Mr Simpkins about the transfers and he never challenged her about them [see para 35 of the FIR]. Whilst there is a dispute between Mr Simpkins and Ms Aitken as to Mr Simpkins' knowledge of the transfers from client to office account, as the firm's sole manager, COLP and COFA, Mr Simpkins bears overall responsibility for the conduct of the firm, as accepted by him in interview.

24. Mr Simpkins was aware of the transfers, during the recorded interview with the FIO on 25 July 2023 Mr Simpkins stated:

    "*…the money received in client account is needed to run the business, so it's need to pay salaries, to pay tax liabilities. I'm trying to keep the business running*"

    and

"…*the alternative to not accepting client monies in, and actually keeping on the business trading, was to foreclose the business immediately*…". **[JG1-P260-261]**

25. In the course of her examination of the firm's books and ledgers, the FIO identified that the firm had failed to account to Client A for their damages in the amounts of £145,900**. Exhibit SB1 [JG1, P488].**

26. In the Production Notice dated 18 July 2023, **(JG1, P282-283)** Mr Simpkins was required to provide copy bank statements for accounts open or closed between 1 August 2022 and 18 July 2023. Those bank statements were provided to the FIO on 6 August 2023. They covered the period 3 August 2022 to 3 August 2023.

27. The FIO carried out analysis of payments made to Mr Simpkin's personal bank account from the firm's bank accounts. The FIO created two spreadsheets containing the analysis. The first spreadsheet recorded payments into Mr Simpkins personal bank account from the firm's bank accounts totalling £21,031.40. **Exhibit "SB1" (JG1, P592-594).**

28. The FIO identified that part of these clients' damages had been inappropriately transferred from the firm's client account to its business account. **paragraph 25 [JG1, P56].**

29. The FIO's calculations of these sums are detailed at sections **D.3.1** (Client A) **[JG1, P56-58]**.

Breaches alleged

Rule 5.1 of the SRA Accounts Rules 2019

30 Rule 5.1 states that client money can only be withdrawn from client in three circumstances, being the purpose for which it was held, following receipt of instructions from the client (or third party for whom it is held) or following authorisation from the SRA.

31 Funds in client account belong to the specific client for whom they are held and must only be used for that client's purposes.

32 In the circumstances as described above; money was withdrawn from client account other than in compliance with Rule 5.1 of the SRA Accounts Rules 2019. Although those transfers were made by Ms Aitken, according to her evidence Mr Simpkins was made aware of those and did not challenge her.

33. Solicitors perform an essential service to the public, and the appropriate maintenance and management of client funds is an essential role in performing this.

34. Compliance with the SRA Accounts Rules carries strict liability and as the firm's sole principal Mr Simpkins is responsible for his firm's compliance. In addition, the SRA Accounts Rules apply to Mr Simpkins directly as a manager of the firm.

35. As manager, Mr Simpkins bears responsibility under Rule 5.1 of the SRA Accounts Rules. If, as he claims, the transfers were carried out by Ms Aitken without his knowledge, this would still represent a failure of his duties under Rules 5.1.

36. In addition, Mr Simpkins held the role of COFA and therefore had the added responsibility to ensure that the firm and all its employees complied with the Accounts Rules. He failed in his duties as COFA, and this had serious consequences for the clients of the firm and therefore breached Rule 5.1.

Rule 5.2 of the SRA Accounts Rules 2019

37. As referred to above, the FIR details that Mrs Aitken admitted that she had made a number of transfers from the client ledger of Client A to the office account and that she did so in order to cover business payments and staff wages. **FIR paragraphs 35 b) and 50 d) [JG1,58 and 63].**

38. Mrs Aitken also says that she knew that this was wrong but as she refers to in her witness statement at **[JG1,79-82],** she states that she did not feel that she had a choice.

    Ms Aitken in her witness statement at **para 5 [JG1 P80]** further states that she told Mr Simpkins about the shortage on the matter of Client A. Ms Aitken knew that in the circumstances this was wrong, but felt that she did not have a choice.

39. Although there is some dispute between Mr Simpkins and Mrs Aitken, as to the extent to which Mr Simpkins knew of, or carried out, these transfers, compliance

with the SRA Accounts Rules carries strict liability and as the firm's sole principal he was directly responsible for his firm's compliance.

40. In addition, as mentioned above, the SRA Accounts Rules apply to Mr Simpkins directly as a manager of the firm. As manager, Mr Simpkins bears responsibility under Rule 5.2 of the SRA Accounts Rules to appropriately authorise and supervise all withdrawals made from a client account. If, as he claims, the transfers were carried out by Ms Aitken without his knowledge, this would still represent a failure of his duties under Rule 5.2.

41. Mr Simpkins held the role of COFA and therefore had the added responsibility to ensure that the firm and all its employees complied with the Accounts Rules. He failed in his duties as COFA, this had serious consequences for the clients of the firm.

Rule 6.1 of the SRA Accounts Rules 2019

42. On 27 April 2023, the FIO wrote to Mr Simpkins and advised him that she had identified a minimum shortage on the firm's client account of (at that stage) £170,900.

43. He was told: '*you must replace the shortage as a matter of extreme urgency*'. **[JG1, P83].**

44. That identified shortage was not immediately replaced, and the breaches of the Accounts Rules were therefore not rectified promptly upon discovery as required by Rule 6.1. However, the SRA understands that the shortfall of damages due to client A and client B has recently been paid to them by the firm's insurers.

Principle 5 of the SRA Principles 2019 – You act with integrity

45. Mr Simpkins actions amounted to a failure to act with integrity. Mr Simpkins is required to act with integrity.[1] (i.e. with moral soundness, rectitude and steady adherence to an ethical code) in breach of Principle 5 of the SRA Principles. In *Wingate v SRA* [2018] EWCA Civ 366, the Court of Appeal held that integrity connotes adherence to the ethical standards of one's profession. Lord Justice Jackson held:

"*Integrity is a broader concept than honesty. 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*".

46. The Approved Judgment of LJ Jackson also says at paragraph 101:

"The duty to act with integrity applies not only to what professional persons say, but alsoto what they do".

The judgment then provides illustrations of what constitutes acting without integrity in the case of solicitors, including the following:

(iii) Subordinating the interests of the clients to the solicitors' own financial interests.
(iv) Making improper payments out of the client account.

47. Mr Simpkins was in a position of trust and responsibility as a solicitor. A solicitor acting with integrity would not have caused or allowed the shortages as explained above in the way that Mr Simpkins did.

48. Further, a solicitor acting with integrity would have ensured that that the shortages were rectified when alerted to their existence by a member of staff. Although Ms Aiken alerted Mr Simpkins to the shortage, he failed to take action to ensure to the shortage was rectified.

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[1] It is well established that the word integrity connotes moral soundness, rectitude, and a steady adherence to an ethical code., See, for example, *Hoodless & Blackwell v FSA* [2003] FSMT 007. Lack of integrity is capable of being identified as present or not by an informed tribunal by reference to the facts of a particular case, see *Newell Austin v SRA* [2017] EWHC 411 (Admin). Lack of integrity and dishonesty are not synonymous. A person may lack integrity even though not established as being dishonest. In Wingate & Evans v SRA v Malins (2018] EWCA Civ 366, [2018] P.N.L.R.

49. By the conduct stated above, Mr Simpkins therefore breached Principle 5 of the SRA Principles.

Principle 2 of the SRA Principles 2019 - You act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons

50. Client money is sacrosanct, and solicitors are required to exercise proper stewardship over clients' monies. Firms and solicitors hold considerable trust especially in financial matters. Clients entrust money with a Firm or a solicitor for many reasons including case progression or safekeeping of damages. It is crucial that client funds are held distinct and are only withdrawn when permitted to do so in accordance with SRA Account Rules. Both the public and the legal profession expect adherence to these Rules.

51. The trust that the public places in solicitors, and in the provision of legal services, depends upon the reputation of the solicitors' profession as one in which every member, of whatever standing, may be trusted to the ends of the earth. Solicitors are required to discharge their professional duties with integrity, probity and trustworthiness.

52. Mr Simpkins was in a position of trust and responsibility as a solicitor, and he was responsible for ensuring that client money was safeguarded. He failed to discharge that responsibility and consequently did not conduct himself in a manner that maintains public trust in him and the provision of legal services, and therefore breached Principle 2 of the SRA Principles.

Paragraph 5.2 of the SRA Code of Conduct for Firms and Paragraph 4.2 of the SRA Code of Conduct for Solicitors, RELs and RFLs

53. Client money is sacrosanct and safeguarding it for clients goes to the heart of solicitors' duties as trustees and custodians of client money. [2]

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[2] Mr Justice Cranston, in Levy v SRA [2011] EWHC 740 Admin, [D37-D48] at paragraph 30 (referring to the Judgment of Lord Bingham in Weston v The Law Society) said: "A high standard is set in relation to solicitors' compliance with the Accounts Rules. That message was reiterated in Weston v Law Society. Rule 1 of the Code of conduct for

54. The firm failed to account to Client A for the full amounts of damages due to him. The money was instead transferred to the firm's business account and used for business purposes. The money was no longer available to Client A and a client shortage arose which Mr Simpkins failed to remedy. Accordingly, Mr Simpkins failed in his duties to safeguard clients' money in breach of paragraph 5.2 and 4.2 of the Codes of Conduct.

Allegation 2 - that the Respondent caused or allowed the firm to have a minimum client account shortage of £15,913.78 in relation to client B

56. On 18 July 2023, Client B sent a complaint to the SRA **[JG1, P161-165].** In his complaint he states that he had received a payout and that the Firm had retained a total of £15,913.78 as disbursements.

57. In the course of her examination of the firm's books and ledgers, the FIO identified that the firm had failed to account to Client B for their damages in the amounts of £15,913.78**. FIR paragraph 24 [JG1, P56].**

58. The FIO identified that part of these clients' damages had been inappropriately transferred from the firm's client account to its business account. **FIR paragraph 25 [JG1, P56].**

59. The FIR identified that the firm did not account to Client B for the balance of his damages following receipt of its costs, **para 48 [JG1, P60-61].**

60. Ms Aitkens in her witness statement **[JG1, P79-82]** states that:

    a) She was aware that there was a shortage to the client.

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solicitors establishes the fundamental principles, which the Solicitors' Accounts Rules flesh out. Client money is sacrosanct, and a proper stewardship in relation to it is vital. Client money can only be used for that client's matters. There must be proper systems and controls to ensure compliance with the account rules and it is for a firm's principals to ensure that. Errors must be promptly remedied. Transfer from the client account to the office account can only be made when properly required for payment of the solicitors' costs, the firm first notifying the client that payment is to be made from moneys held for the client. No transfer should ever be made from the client account unless a solicitor is satisfied that there are funds to meet it. Each of these simple rules is not merely good practice but is critical to the lawful operation of the client account by any solicitor."

b) She did not discuss the matter of Client B with Mr Simpkins as it was a recent matter, but it was on a list of clients whose cases has settled. The list was provided to Mr Simpkins.

c) Some of the transfers from client account to business account were made by Mr Simpkins. Any transfers made by Mr Simpkins to the business bank account were transferred onto his personal bank account.

d) The transfers from client account to business bank account made by Ms Aiken were to cover business payments and staff wages. She felt that she had no choice but to do this. She was *"between a rock and a hard place*". She felt totally unsupported by Mr Simpkins.

61. On 18 July 2023, Mr Simpkins was provided with a Production Notice **[JG1 P282-283]**. He was asked to provide the client ledger of Client B.

62. Mr Simpkins explanation in response to Client B's matter in the Production Notice **[JG1, P83-85]** was:

a) On March 2023, Ms Aitken had sent a breakdown of disbursements to Client B [**JG1, P184-185]**

b) The disbursements would have been included within the costs recovered by the Firm.

c) The disbursements should not have been deducted from the client's damages.

d) There was a shortfall owed to the client in the sum of £15,913.78.

63. The client ledger for Client B's matter **[JG1, P363-371]** recorded that damages of £55,000 were received by the firm on 28 November 2022.

64. On 14 March 2023, the firm agreed its costs in the total sum of £36,750 **[JG1, P375].** The client ledger recorded that the firm received the balance of its costs of on 20 March 2023 **[JG1, P364].**

65. The firm did not account to Client B for the balance of his damages following receipt of its costs. The client ledger recorded that all remaining monies were transferred to the firm's business bank account.

Breaches alleged

Rule 5.1 of the SRA Accounts Rules 2019

66. Funds in client account belong to the specific client for whom they are held and must only be used for that client's purposes.

67. In these circumstances Mr Simpkins conduct is not conduct that was authorised by the SRA Accounts Rules.

68 Solicitors perform an essential service to the public, and the appropriate maintenance and management of client funds is an essential role in performing this.

69 In the circumstances as described above; money was withdrawn from client account other than in compliance with Rule 5.1 of the SRA Accounts Rules 2019. On the evidence of Ms Aitken, some of the transfers from the client account to the business account were made by Mr Simpkin and some were made by her.

70. As manager, Mr Simpkins bears responsibility under Rule 5.1 of the SRA Accounts Rules. Mr Simkins made the improper transfers and/or failed to prevent Ms Aitken from also making them **Rule 5.2 of the SRA Accounts Rules 2019**

71. . As manager, Mr Simpkins bears responsibility under Rule 5.2 of the SRA Accounts Rules to appropriately authorise and supervise all withdrawals made from a client account. Even if he was unaware of the transfers made by Ms Aitken, , this would still represent a failure of his duties to appropriately authorise and supervise all withdrawals.

72. Mr Simpkins held the role of COFA and therefore had the added responsibility to ensure that the firm and all its employees complies with the Accounts Rules. He failed in his duties as COFA, this had serious consequences for the clients of the firm.

Rule 6.1 of the SRA Accounts Rules 2019

73. On 27 April 2023, the FIO wrote to Mr Simpkins. He was told: ‘you must replace the shortage as a matter of extreme urgency’. **[JG1, P83-84].**

74. That identified shortage was not immediately replaced, and the breaches of the Accounts Rules were therefore not rectified promptly upon discovery as required by Rule 6.1. However, as referred to above, the SRA understands that the shortfall of damages due to client A and client B has recently been paid to them by the firm’s insurers.

Principle 5 of the SRA Principles 2019 – You act with integrity

75. The SRA relies on *Wingate v SRA* [2018] EWCA Civ 366, as set out at paragraph 46 above.

76. Mr Simpkins was in a position of trust and responsibility as a solicitor. A solicitor acting with integrity would not have caused or allowed the shortages as Mr Simpkins did.

77. Furthermore, there was a pattern of conduct, the improper transfers to office account of client damages occurred over a period of several months between approximately August 2022 and March 2023 and the client account transactions after 27 April 2023 again continued over several months.

78. In her witness statement Ms Aitkins at **para 5 [JG1, P80]** states *“I absolutely told Mr Simpkins that there was a client account shortage on the case. As far as I remember, the shortage in April 2023 was approximately £170K. I made transfers from the firm’s client account to the firm’s office account. I knew that in certain circumstances this was wrong, but I felt I didn’t have a choice “*. This shows that Mr Simpkins allowed the shortage to occur by failing to prevent the improper transfers from happening (by Ms Aitken).

79. A solicitor acting with integrity would have ensured that that the shortages were rectified when alerted to their existence by a member of staff. Although Ms Aiken alerted Mr Simpkins to the shortage, he failed to take action to ensure to rectify the shortage.

80. By the conduct stated in the preceding paragraphs, Mr Simpkins therefore breached Principle 5 of the SRA Principles.

Principle 2 of the SRA Principles 2019 - You act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons

81. Client money is 'sacrosanct' Firms and solicitors hold considerable trust especially in financial matters. Clients entrust money with a Firm or a solicitor for many reasons.. It is crucial that client funds are held distinct and are only withdrawn when permitted to do so in accordance with SRA Account Rules. Both the public and the legal profession expect adherence to these Rules.

82. Client B trusted the firm to act on his behalf. As such, he will have trusted the firm to receive damages awarded to him and to account to him in full. As described in the FIR, the firm did not account to client B for the full amounts due to him. The money was instead transferred to the firm's business account and used for business purposes.

83. The trust that the public places in solicitors, and in the provision of legal services, depends upon the reputation of the solicitors' profession as one in which every member, of whatever standing, may be trusted to the ends of the earth. Solicitors are required to discharge their professional duties with integrity, probity and trustworthiness.

84. Mr Simpkins was in a position of trust and responsibility as a solicitor, and he was responsible for ensuring that client money was safeguarded.

85. Members of the public should also be able to place their trust in members of the profession, who are held in high regard. Any behaviour which undermines this trust damages not only the regulated person, but also the ability of the legal profession as a whole to serve society.

86. By his actions, Mr Simpkins abused the trust placed in him by his colleagues and members of the public, and profession, and did not conduct himself in a manner

that maintains public trust in him and the provision of legal services, and therefore breached Principle 2 of the SRA Principles.

Paragraph 5.2 of the SRA Code of Conduct for Firms and Paragraph 4.2 of the SRA Code of Conduct for Solicitors, RELs and RFLs

87. As described in the FIR, the firm did not account to client B for the full amounts of damages due to him. The money was instead transferred to the firm's business account and used for business purposes. The money was no longer available to client B, which demonstrates that Mr Simpkins failed in his duties to safeguard the clients' money in breach of paragraph 5.2 and 4.2 of the Codes of Conduct.

88. Client money is sacrosanct and safeguarding it for clients goes to the heart of solicitors' duties as trustees and custodians of client money. [3]

89. The firm failed to account to Client B for the full amounts of damages due to him. The money was instead transferred to the firm's business account and used for business purposes. The money was no longer available to Client B and a client shortage arose which Mr Simpkins failed to remedy. Accordingly, Mr Simpkins failed in his duties to safeguard clients' money in breach of paragraph 5.2 and 4.2 of the Codes of Conduct.

Allegation 3- as the firm's sole manager, COLP and COFA, failed to have sufficient control and adequate supervision or oversight of the firm.

[3] Mr Justice Cranston, in Levy v SRA [2011] EWHC 740 Admin, [D37-D48] at paragraph 30 (referring to the Judgment of Lord Bingham in Weston v The Law Society) said: "A high standard is set in relation to solicitors' compliance with the Accounts Rules. That message was reiterated in Weston v Law Society. Rule 1 of the Code of conduct for solicitors establishes the fundamental principles, which the Solicitors' Accounts Rules flesh out. Client money is sacrosanct, and a proper stewardship in relation to it is vital. Client money can only be used for that client's matters. There must be proper systems and controls to ensure compliance with the account rules and it is for a firm's principals to ensure that. Errors must be promptly remedied. Transfer from the client account to the office account can only be made when properly required for payment of the solicitors' costs, the firm first notifying the client that payment is to be made from moneys held for the client. No transfer should ever be made from the client account unless a solicitor is satisfied that there are funds to meet it. Each of these simple rules is not merely good practice but is critical to the lawful operation of the client account by any solicitor."

90. As the firm's sole manager, Mr Simpkins was the person responsible for ensuring that the firm complied with the Code of Conduct for Firms. This includes requirements that the firm had in place effective governance structures, arrangements, systems and controls which ensure that the firm, its managers and employees comply with the relevant SRA regulatory arrangements which includes the Codes, Principles and Accounts Rules.

91. The evidence shows that Mr Simpkins had insufficient control, supervision and oversight of the firm as he claims he had no knowledge of the transfers from client to office account.

92. During a recorded interview on 25 July 2023 Mr Simpkins admitted that whilst he was "*technically supervising*" the Client A matter, his involvement was *"pretty much zero"* **[JG1, P92].**

93. He also accepted that his running of the firm was not up to standard:

"What's happened in the last few years is not acceptable from a client care point of view. It's not acceptable from a business running point of view, even for the staff it hasn't been … really been fair, and I take that on board." **[JG1, P287]**

94. Mr Simpkins has admitted some the underlying conduct alleged, and in any event, as the firm's sole manager, COLP and COFA he bears overall responsibility for the firm as accepted by him in interview – *"It's my responsibility to my practice".*

95. As the firm's sole manager, it was incumbent on Mr Simpkins to provide effective supervision over those who worked at the firm, including to check their work and their compliance with regulatory requirements, and to provide necessary support, guidance and assistance.

96. The FIO report highlights examples from Mrs Aitken's witness statement in which she describes the ways in which Mr Simpkins' supervision of the firm was lacking. Mrs Aitken says the following:

> '*Since early 2020 and especially after November 2020, I had trouble contacting Mr Simpkins. He very often would not answer his phone or respond to WhatsApp messages. There was no point in sending him emails as he would not read them. He did not tell me why he would not read them. He gave me*

and another colleague, Linda Stapleton, permission to read and respond to his emails. Sometimes 3 weeks would go by without any contact from him, despite calling and messaging him……. This happened over the time period from November 2020 (when the business first moved to the office in Lyndhurst) until April 2023.' ***(paragraph 3)*** **[JG1, P276]**

'Sometimes, if I was able to speak to him on the phone, he would agree that I could go to his house, and he said we would discuss work. I would go to his house and give him the paperwork, but he would ask me to 'help him' clean his kitchen first and then we could talk about the business. In reality, I would spend 2 hours cleaning his kitchen on my own, which was always extremely dirty and messy, and then he would say he wasn't up to talking about work…… When I was in his house, Mr Simpkins would either open the paperwork and quickly glance at it or just put the unopened envelope on his kitchen table. I don't know if he ever actually read it.' ***(paragraph 3)*** **[JG1, P276]**

'Mr Simpkins and I met in the Simpkins & Co office in Lyndhurst seven or eight times between either the end of December 2022 or the beginning of January 2023 until about 28th or 29th March 2023. During this time, he would come into the office approximately every other week. I would have the client damages spreadsheet to give him along with other items I needed to discuss with him. He would sometimes glance at the paperwork or other times, not at all. He never seemed interested. I told him many times about how worried and stressed I was about the financial matters, and that I'd had to see my doctor because I was having fainting episodes, and I couldn't sleep. I just wanted him to get back to work and give me some support as I felt extremely overwhelmed. He would always say, "don't worry, I'll come to the office again tomorrow and we'll start sorting everything out".' ***(paragraph 4) [JG1, P276]***

97. Another employee of the firm, Garry Sleet, has also provided a witness statement recording his experience of working at the firm **[JG1, P231-240].** With regard to Mr Simpkins' supervision, Mr Sleet says the following:

'As far as I was aware there was no formal system of file reviews' ***(paragraph 7)*** **[JG1, P232]**

*'I did not have much to do with Mr Simpkins. In retrospect, I probably should have' (**paragraph 8)*** **[JG1, P232]**

'It is difficult to put a time on it, but while I was working at the firm the problems contacting Mr Simpkins got worse. He would 'disappear' for weeks on end – by which I mean that there would be no response to emails, and he would not engage with me, or anyone else at the firm as far as I was aware. I believe that this extended to Mrs Aitken as she would complain about it.' ***(paragraph 11)*** **[JG1, P232]**

'It was not a consistent level of disengagement. Having not been in contact with anyone for weeks, he would email everyone out of the blue. He would say that he had been ill and once or twice said what had been wrong (I remember once he made reference to a potential cancer diagnosis). He reassured us that he was now back, and things would change. The first time this happened, I was encouraged, but within a couple of weeks there was silence again. The next time, it was the same thing, and this pattern continued.' ***(paragraph 12)*** **[JG1, P233]**

'Eventually, I disliked his reappearances. He would get involved in things he appeared not to have studied, trying (I believe) to appear to be in charge. His involvement then created work for us all without really progressing matters or helping. It just meant chaos for a couple of weeks.' ***(paragraph 14)*** **[JG1, P233]**

'Mr Simpkins' behaviour was detrimental to his clients as his absences meant he did not progress matters and we would struggle to deal with the cases. I became aware also that counsel and others instructed by the firm were not always paid on time, and on occasion there was insufficient funds to pay court fees, and this had a detrimental effect on my ability to deal with my cases properly.' ***(paragraph 15)*** **[JG1, P233]**

Breaches alleged

Principle 5 of the SRA Principles 2019 – You act with integrity

98. The SRA relies on *Wingate v SRA* [2018] EWCA Civ 366, as set out at paragraph 45 above.

99. As the firm's sole manager, it was incumbent on Mr Simpkins to provide effective supervision over those who worked at the firm, including to check their work and their compliance with regulatory requirements, and to provide necessary support, guidance and assistance.

100. As evidenced above and in her witness statement, Ms Aitken's describes the ways in which Mr Simpkins' supervision of the firm was lacking. Ms Aitkin in her witness statement states that sometimes 3 weeks would go by without any contact from him, despite her calling and messaging him. This happened over the time period from November 2020 (when the business first moved to the office in Lyndhurst) until April 2023. **(paragraph 3) [JG1, P276]**

101. Garry Sleet, recorded his experience of working at the firm in his witness statement. With regard to Mr Simpkins' supervision, Mr Sleet says the following:

> *'Mr Simpkins' behaviour was detrimental to his clients as his absences meant he did not progress matters and we would struggle to deal with the cases. I became aware also that counsel and others instructed by the firm were not always paid on time, and on occasion there was insufficient funds to pay court fees, and this had a detrimental effect on my ability to deal with my cases properly.' **(paragraph 15)*** **[JG1, P233]**

102. When interviewed by the FIO on 25 July 2023, Mr Simpkins accepted that there had been shortcomings in his running of the firm. He stated: '*What's happened in the last few years is not acceptable from a client care point of view. It's not acceptable from a business running point of view, even for the staff it hasn't been … really been fair, and I take that on board.*' **[JG1, P287]**

103. Mr Simpkins attributed these failures to stress and mental health problems arising from medical issues, the Covid lockdowns and personal family problems. [C40]. However, to date the SRA has not received any medical evidence from Mr Simpkins.

104. A solicitor acting with integrity would have ensured that the firm was being properly managed so that it adhered to its regulatory obligations and requirements.

Mr Simpkins abrogated his managerial responsibilities which left unadmitted individuals effectively running his firm. Mr Simpkins failed to adhere to the higher ethical standards expected from members of the profession, and a breach of Principle 5 of the Principles.

Principle 2 of the SRA Principles 2019 - You act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons

105. Mr Simpkins was in a position of trust and responsibility as a solicitor. The public should be able to be confident that a solicitor who is in the position of sole owner and manager of a firm, and is its COFA, has sufficient control over that firm and its client account to ensure that the firm complies with the rules relating to safeguarding client money.

106. A solicitor who allows his firm to run a client account with a shortfall would damage the trust and confidence which the public place in the solicitors' profession and in legal services provided by authorised persons and be in breach of Principle 2.

107. There was significant harm or risk of harm. By his own account, for a considerable period of time Mr Simpkins left control of the firm's accounts to Ms Aitken, an unadmitted individual. For the sole manager and COFA of a firm to be in this position presents an unacceptable risk to client money and client interests.

108. Mr Simpkins' behaviour represented a pattern which continued over a period of time, during which he does not appear to have at any point identified the risks that his choices or lack of oversight were bringing, or (having identified the risks), he failed to take sufficient steps to address them.

Paragraph 8.1 and 2.1 of the Code of Conduct for Firms 2019

109. As the firm's sole manager, Mr Simpkins was the person responsible for ensuring that the firm complied with the Code of Conduct for Firms. This includes requirements that the firm had in place effective governance structures, arrangements, systems and controls which ensure that the firm, its managers and

employees comply with the relevant SRA regulatory arrangements, including the Codes, Principles and Accounts Rules.

110. Mr Simpkins failed to demonstrate that he had in place effective systems and controls and that he ran the firm in a way that upholds public trust and confidence in the solicitors' profession, and by doing so breached Paragraph 8.1 and 2.1 of the Code of Conduct for Firms 2019.

Allegation 4 - that he provided information to the Forensic Investigation Officer of the SRA regarding the financial status of the firm that he knew/ought to have known was inaccurate and/or misleading.

111. The evidence shows that when interviewed by the FIO on 21 March 2023 as part of the original investigation, Mr Simpkins denied there was any issue with the firm's finances and accounts. He specifically denied there being any concerns about the firm's ability to meet its short-term liabilities and any misuse of client funds. Consequently, the FIO found no evidence of misconduct and the investigation was closed.

112. On 12 April 2023, the FIO was contacted by Mrs Aitken, the firm's office manager who stated that there was a client account shortage of £170,000, which had been hidden and that the FIO had been misled during her investigation.

113. As a result of this information, the SRA began a further forensic investigation at the firm.

114. During the recorded interview with the FIO on 25 July 2023 Mr Simpkins stated "…*the money received in client account is needed to run the business, so it's need to pay salaries, to pay tax liabilities. I'm trying to keep the business running*" and "…*the alternative to not accepting client monies in, and actually keeping on the business trading, was to foreclose the business immediately*…". **[JG1, P260-261]**

115. That was contrary to what Mr Simpkins said in his first interview, his admissions in the second interview, just 22 days later, suggest he provided information to the SRA regarding the financial status of the firm that he knew or ought to have known was inaccurate and/or misleading.

116. The evidence shows that most of the receipts into Mr Simpkins' personal bank account came from the business bank account ending 231. The FIO therefore carried out some analysis of that bank account. **Exhibit "SB1" [JG1, P592-594].**

117. In his interview with the FIO, Mr Simpkins stated that he had not taken out money out of the business to aid himself **[JG1, P100**]. The FIO analysis highlights transactions where Mr Simpkins has had a personal benefit. For example, there are payments to Mr Simpkins' legal advisors which have been funded from client bank account. There are also payments relating to the staging of Mr Simpkins' home when it was placed on the market for sale and payments for his flat.

Breaches alleged

Principle 4 of the SRA Principles 2019 – You act with honesty

118. The SRA relies on the test set out in Ivey (Appellant) v Genting Casinos (UK) Ltd t/a Crockfords (Respondent) [2017] UKSC, as set out at paragraph 94 above.

119. The answers which Mr Simpkins gave to the FIO in the first interview were not correct. In particular:
a) He denied that there were any concerns about the firm's financial viability.
b) He denied there had been any misuse of client funds.
c) He denied that there were any problems with the firm's books.
d) He said there were no matters he wanted to bring to the FIO's attention.

120. Mr Simpkins was aware of the following facts at the time of the interview

(a) That he had an obligation to provide to his regulator information, which was true, accurate and complete and was not misleading.
(b) That the firm was in financial difficulties and there was a client account shortage on the Client A file.
(c) That in giving the answers which he did regarding the firm's financial position and accounts, he was giving answers which he knew were not true or accurate.

121. Ordinary decent people would regard it as dishonest for an individual to provide to their regulator information which they knew was inaccurate.

122. Given this state of knowledge and belief, Mr Simpkins acted dishonestly by the standards of ordinary decent people.

123. By doing so, Mr Simpkins failed to act with honesty and therefore breached Principle 4 of the Principles.

Principle 5 of the SRA Principles 2019 – You act with integrity

124. The SRA relies on *Wingate v SRA* [2018] EWCA Civ 366, as set out at paragraph 46 above.

125. The public and the profession expect that solicitors will comply with their regulatory requirements and provide full and accurate information and explanations to their Regulator. Any failure to do so could damage public trust and confidence in the profession, legal services and the regulatory process.

126. Mr Simpkins provided multiple misleading responses to questions which the FIO reasonably put to him. The trust that the public places in solicitors and in the provision of legal services provided by authorised persons depends upon the reputation of the solicitors' profession as one in which every member, of whatever standing, may be trusted to the ends of the earth.

127. Solicitors are required to discharge their professional duties with integrity, probity and trustworthiness and in providing inaccurate and or misleading explanations to the FIO Mr Simpkins failed to act in a way that upheld trust and confidence in the profession.

128. In giving inaccurate and misleading answers to the FIO, Mr Simpkins' failed to adhere to the ethical standards of the solicitors' profession and lacked integrity and a breach of Principle 5 of the Principles.

Principle 2 of the SRA Principles 2019 - You act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons

129. Mr Simpkins was in a position of trust and responsibility as a solicitor who had the responsibility to ensure that information produced by them was accurate. This is aggravated when the solicitor is clearly aware that the information is untrue.

130. Mr Simpkins had a duty to act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons. In particular the public would expect a solicitor to be open and honest with their regulator, especially regarding matters as central to their practice as its financial viability and its handling of client monies.

131. In giving answers to the FIO which he knew were not accurate, Mr Simpkins acted in a way likely to damage, rather than uphold the reputation of, and trust and confidence in legal services provided by, the profession.

132. In doing so, Mr Simpkins did not conduct himself in a manner that maintains public trust in him and the provision of legal services and therefore breached Principle 2.

<u>The SRA's investigation</u>

133. The SRA has taken the following steps to investigate the allegations which it makes against Mr Simpkins:

134. The SRA issued a Notice Recommending Referral of Conduct to the Tribunal **[JG1, P5- 24],** dated 19 December 2024 ('the Notice'). The Notice was provided to Mr Simpkins for his comment.

135. Mr Simpkins provided his response to the Notice, on 31 January 2025 **[JG1, P35-36]**.

136. In his response Mr Simpkins mentions that he has been struggling with mental health issues since the breakup of his marriage in 2013. He further states that it was because of his mental health issues that the problems occurred at the Firm. He denies all allegations of dishonesty and states that he has always acted with honesty and integrity. He further states that in his 30 years of practising he has never faced such serious allegations as these, and that he has fully cooperated with the SRA investigation.

137. On 28 February 2025, an Authorised Decision Officer of the SRA decided to refer Mr Simpkins conduct to the Tribunal **[JG1, P596-601].**

Statement of Truth

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

Signed: *Jagjeet Gibson*

Dated: **24 June 2025**

CASE NO.

BEFORE THE SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 (as amended)

AND IN THE MATTER OF:

SOLICITORS REGULATION AUTHORITY LIMITED

Applicant

- and –

STEVEN SIMPKINS

Respondent

APPENDIX 1 TO STATEMENT PURSUANT TO RULE 12 (2)

SOLICITORS (DISCIPLINARY PROCEEDINGS) RULES 2019

Relevant Rules

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 4 You act with honesty

Principle 5 You act with integrity

SRA Accounts Rules 2019

Rule 5: Withdrawals from client account

5.1 You only withdraw client money from a client account:

(a) for the purpose for which it is being held;

(b) following receipt of instructions from the client, or the third party for whom the money is held; or

(c) on the SRA's prior written authorisation or in prescribed circumstances.

5.2 You appropriately authorise and supervise all withdrawals made from a Client Account.

Rule 6: Duty to correct breaches upon discovery

6.1 You correct any breaches of these rules promptly upon discovery. Any money improperly withheld or withdrawn from a client account must be immediately paid into the account or replaced as appropriate.

SRA Code of Conduct for Solicitors, RELs and RFLs 2019

Paragraph 4.2 You safeguard money and assets entrusted to you by clients and others.

SRA Code of Conduct for Firms 2019

5.2 You safeguard money and assets entrusted to you by clients and others.

8.1 If you are a manager, you are responsible for compliance by your firm with this Code. This responsibility is joint and several if you share management responsibility with other managers of the firm.

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

1. you comply with all the *SRA*'s *regulatory arrangements*, as well as with other regulatory and legislative requirements, which apply to you;
2. your *managers* and employees comply with the *SRA's regulatory arrangements* which apply to them;
3. 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;
4. your *compliance officers* are able to discharge their duties under paragraphs 9.1 and 9.2.