BEFORE THE SOLICITORS DISCIPLINARY TRIBUNAL **Case No:**

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

AND IN THE MATTER OF:

SOLICITORS REGULATION AUTHORITY LIMITED

Applicant

and

ALEXANDER WILLIAM BRUCE LEE

Respondent

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

I, Jonathan White, am a Solicitor of Blake Morgan LLP, 6 New Street Square, London EC4A 3DJ and I make this Statement on behalf of the Applicant, the Solicitors Regulation Authority Limited ("SRA").

The allegation

1. The Allegation against the Respondent is that, in the period 31 March 2018 to 18 April 2019, he was director (sole director between 31 March 2018 and 1 September 2018; and the owner of 50% of the shares from around 1 November 2018) of Global Security Trustees Limited ("**GST**"), whose role was to act as security trustee protecting the interests of bondholders, notwithstanding an obvious conflict in doing so (or significant risk thereof) given his previous and subsequent instructions (as a partner in Buss Murton Law LLP ("**the firm**")) for the lender London Capital & Finance PLC ("**LCF**").

In so doing, the Respondent breached any or all of O3.4 of the Code of Conduct 2011 and Principles 2 and 6 of the SRA Principles 2011.

Appendices and Documents

2. I attach to this Statement the following appendices:

   Appendix 1: Relevant Rules and Regulations

3. I attach to this statement a bundle of documents, marked ["JW1"] to which I refer in this statement. Unless otherwise stated, the page references ("JW1 p [X]") in this statement relate to documents contained in that bundle.

4. The bundle is divided into the following sections:

   Section A: Investigation documents

   Section B: Notice recommending referral of conduct to the Tribunal

   Section C: Representations following the Notice

   Section D: Referral decision

   Section E: Other documents

Professional Details

5. The Respondent qualified as a solicitor in 1990 (having been admitted as a barrister and solicitor to the High Court of New Zealand in 1984), and remains on the Roll of Solicitors. He holds a practicing certificate. Having spent much of his career working in-house, in 2012, the Respondent joined the firm as a partner responsible for the corporate and commercial function. Accordingly, the Respondent had well over 20 years post-qualification experience at the time of the material events.

6. The Respondent currently holds a Practising Certificate free from conditions and is employed by Buss Murton Law (South East) Limited.

The facts and matters relied upon in support of the allegations

Background

7. Between 2013 and December 2018, LCF raised over £237,000,000 from retail investors by selling "mini-bonds". There were about 11,600 bondholders. LCF presented itself to investors as a commercial lender to the SME sector in the UK, but in fact advanced the money it raised to a small number of connected companies associated with four individuals. Much of the monies lent proved irrecoverable. As at 22 May 2024, the net deficit in LCF's administration estate stood at over £379,000,000 [**JW1, p1 at [2237]**].

8. LCF went into administration in January 2019. Between around late 2015 and its administration, the Respondent acted for LCF in relation to its lending and security arrangements with various borrowing entities. In this context, the Respondent took his principal instructions from the CEO of LCF, Mr Andy Thomson ("**AT**").

9. LCF's administrators brought proceedings against a number of individuals, alleging (inter alia) that they had participated in the fraudulent conduct of business by LCF. The Respondent was not one of those against whom the administrators issued such proceedings. By a judgment handed down on 14 November 2024 [**JW1, p1**], Miles J upheld allegations that (inter alia) LCF's business amounted to fraudulent trading and was in effect a Ponzi scheme ("**the Miles J judgment**"). The SRA relies on the Miles J judgment in accordance with Rule 32(2) of the SDT Rules. However, the facts and matters which are central to the Allegation here advanced have been the subject of independent investigation by the SRA, with relevant supporting documentary evidence exhibited at [**JW1**].

Allegation 1.1 – [In the period 31 March 2018 to 18 April 2019, the Respondent was director (sole director between 31 March 2018 and 1 September 2018; and the owner of 50% of the shares from around 1 November 2018) of GST, whose role was to act as security trustee protecting the interests of bondholders, notwithstanding an obvious conflict in doing so (or significant risk thereof) given his previous and subsequent instructions (as a partner in the firm) for the lender LCF]

10. GST was incorporated on 28 October 2015. Its sole director between 28 October 2015 and 31 March 2018 was a solicitor, Robert Sedgwick, who was employed at the firm as a consultant for much of this period. Mr Sedgwick resigned as director and divested himself of his shares in GST on 31 March 2018, having been

suspended from practice for 12 months by the SDT on 14 February 2018 [JW1, **p934-955**].

11. GST was created to operate as the security trustee of LCF, for the benefit of bondholders who had lent money to LCF. The information memorandum for the series 5 bonds explained the role of GST in this way [**JW1, p876**]:

"*The Bonds will be secured by debenture over the assets of [LCF]. The security granted by [LCF] in respect of the Bonds will be granted to the Trustee and the Trustee will hold the benefit of the security on trust, and enforce it, for Bond Holders. …[L]oans made by [LCF] will have a maximum value of 75% of the value of the assets over which security is granted in respect of the relevant loan (a 75% loan to value, or LTV). As an example, if [LCF] makes a loan of £750,000, the Borrowing Company will have to grant security over £1,000,000 of assets in respect of the loan*".

12. GST was granted a Debenture over the assets of LCF by deed dated 30 December 2015 [**JW1, p805**], incorporating first legal mortgages, and fixed and floating charges. The Debenture was filed at Companies House on 13 January 2016. In addition, on 29 and 30 December 2015, LCF and GST entered into Security Trust Deeds [**JW1, p911-915 and p916-923**] (relating to different bond issues) whereby GST agreed to hold the Trust Property (which included all security interests embraced by the Debenture) "*on trust for the Beneficiaries*" (ie, the bondholders).

13. The Respondent acted as director of GST, between 31 March 2018 and 18 April 2019. Between 31 March 2018 and 1 September 2018, he was GST's sole director. The Respondent has claimed that he was appointed director as a favour to the CEO of LCF (AT) and that the appointment (which lasted over 12 months) was supposed to be temporary [**JW1, p840**]. The Respondent owned 50% of the shares in GST from around 1 November 2018.

14. The Respondent acted for LCF on various facility agreements with borrowing entities, and associated security documentation, in the period from around late 2015 to LCF's administration in January 2019. These instructions included an instruction on which the Respondent acted while a director of GST. That instruction was set out in a client care letter dated 13 March 2018 at [**JW1, p902-905**], which stated "*the scope of our work will cover the preparation, drafting and negotiation of the facility and associated security documents for London Oil and Gas and attending to any due diligence enquiries that you require us to undertake*". The aforementioned London Oil and Gas ("**LOG**") was the largest single borrower from LCF, with Miles J's judgment indicating at [19] that it had borrowed approximately £122,000,000 of the monies raised from bondholders [**JW1, p9**].

15. In *Bristol and West Building Society v Mothew* [1998] Ch 1 at 18 [**JW1, p1209**], Millett LJ said this:

"*A fiduciary is someone who has undertaken to act for or on behalf of another in a particular matter in circumstances which give rise to a relationship of trust and confidence. The distinguishing obligation of a fiduciary is the obligation of loyalty. The principal is entitled to the single-minded loyalty of his fiduciary. This core liability has several facets. A fiduciary must act in good faith; he must not make a profit out of his trust; he must not place himself in a position where his duty and his interest may conflict; he may not act for his own benefit or the benefit of a third person without the informed consent of his principal*".

16. The SRA's contention is that the Respondent should not have agreed to act as director of (or taken an ownership stake in) GST because there was, at all material times, a significant risk (at the very least) that the Respondent's interests and responsibilities as security trustee would conflict with his duties to LCF as its solicitor. The foregoing conclusion is inherent in the circumstances arising from the past association between the Respondent and LCF. In respect of further acting for LCF while a director of GST (as occurred in relation to the lending to LOG), there was also a breach of O3.4 of the Code of Conduct 2011.

17. In the premises, the Respondent demonstrably and at all material times (and whether acting for LCF on specific instructions at the time or not) lacked independence from the lender (LCF) which was an obvious requirement for acting as security trustee representing the interests of bondholders. In particular:

    17.1 The Respondent had acted for LCF since late 2015 in relation to its lending activities (and associated security agreements). He was closely associated with AT in consequence of that work. This alone should have been regarded by the Respondent as a disqualifying ground as at 31 March 2018 (and thereafter), all the more so with any subsequent instruction from LCF and AT. The Respondent should have recognised that, in those circumstances, he would be and would be seen to be acting at the behest of LCF and AT in the event of a relevant dispute.

    17.2 In relation to new lending by LCF (ie, the 2018 lending to LOG), the Respondent's interest and responsibility as director of GST was to ensure there was adequate, valuable security which protected bondholders. This conflicted with the Respondent's more limited duties under the LCF retainers simply to put security documents in place and not conduct any "due diligence" as to the adequacy or enforceability of

the same. In his interviews with the Serious Fraud Office ("**SFO**"), the Respondent repeatedly explained that LCF had not required him to conduct "due diligence" on the assets which had been or would be offered as security by the borrowers. This conflict is all the more acute and obvious in circumstances where:

17.2.1 The Respondent did not know whether (or to what extent) LCF engaged in inquiries to assess the adequacy and enforceability of security offered by borrowers. The Respondent was aware that he was not instructed to carry out such due diligence, and was not specifically aware of any other law firm or specialist advisors that were [**JW1, p1101-1102, p1123**].

17.2.3 The Respondent was, however, aware of a "loan to value" requirement of 75% [**JW1, p1077**] (ie, that the loan should not be more than 75% of the security). He was also aware that Surge (the marketing company) charged 25% of the sum raised as its fee [**JW1, p1049**].

17.2.3 The adequacy and enforceability of security was the fundamental consideration for GST / bondholders. The Respondent could not explore that without, in effect, challenging the limitations of his instructions from LCF. He took no steps to do so.

17.3 Further, the Respondent's duties to protect the confidential information (including material covered by LPP) of LCF conflicted at all material times (at the very least, there was a significant risk it would do so) with his interest in disclosing the same to GST and the bondholders.

17.4 There was a significant risk of a disagreement or dispute between LCF and the bondholders (certainly on the assumption their interests were being properly served and represented) as to what course to take in relation to secured assets, for example if there were a default by a borrower. Such a risk was acute in the event of insolvency concerns affecting LCF and/or significant borrower(s), where different opinions might be held as to whether secured assets should be sold, held or otherwise dealt with, and/or whether further monies should be advanced (or a revised payment schedule proposed) by LCF to the defaulting borrower. These matters are not purely theoretical. In large measure, they were the principal scenarios (alongside acting to prevent

the same arising) for which GST was established and appointed security trustee.

17.5 Further, and in any event, the Respondent understood that AT had an unspecified "residual interest" in the entities borrowing from LCF [**JW1, 1000-1001**]. This gave rise to a further, obvious conflict with the interests of the person at LCF (its CEO) from whom the Respondent took his instructions. The interests of bondholders and the borrowers were, by definition, in opposition. There was at all times a significant risk of disputes and disagreements as to what (if any) steps should be taken by GST as regards secured assets, should an insolvency scenario present in relation to a particular borrower (or LCF) or in the event of a disagreement regarding the sufficiency of security or attempted renegotiation of facility amounts and/or repayment dates. Further, while it would be in the interests of GST and bondholders to maximise the security put forward by borrowers, it would be in the interests of borrowers to minimize the same. Notwithstanding, the Respondent continued to take instructions from AT (qua lender, but with a "residual interest" in the borrowers or some of them), while he controlled GST.

18. In the period preceding LCF's administration during which he was director at GST (ie, 31 March 2018 – 30 January 2019), the Respondent took no step to investigate the sufficiency of the assets secured or to be secured for the benefit of bondholders by way of the Debenture from LCF to GST. This can be inferred from the Respondent's assertions to the SRA that he did not need to do so. He stated [**JW1, p840**]: "*There was nothing for GST to actually do under the arrangements already in place in the trust deed and debenture …. GST was not required to provide any kind of supervision or oversight of LCF and was not, in any sense, LCF's credit committee*". Further, in interviews with the SFO, the Respondent admitted that he had not acquired any detailed knowledge of the secured assets, or the contact details or identities of the bondholders [**JW1, p1075**]. As noted, in those interviews, the Respondent repeatedly explained that LCF had not required him to conduct "due diligence" on the assets which had been or would be offered as security by the borrowers. And, as above, the Respondent did not seek out this information following appointment as GST's director, whether in relation to lending to LOG (on which he was instructed by LCF at the same time) or generally.

19. In these regards, the Respondent seriously misunderstood his responsibilities and powers as director of GST. In particular:

19.1 Clause 6.13 of the Debenture provided that LCF would give GST "*such information concerning the location, condition, use and operation of the Secured Assets as [GST] may require*" [**JW1, p817**]. Such a provision reflects and confirms the overriding obligation of a trustee, namely, to preserve and safeguard trust assets properly, and to take "*all those precautions which an ordinary prudent man of business would take in managing similar affairs of his own"* – Lewin on Trusts [20th Ed] at §§34-001 – 34-002 [**JW1, p1224-1226**]. Discharge of these fundamental trustee responsibilities required relevant, up to date information.

19.2 On 24 August 2018, the Respondent exchanged emails [**JW1, p852-855**] with AT in which the latter had explained that GST "*provides security trustee services which encompass*" the following: *"act as a central point for investors if an investment fails*"; "*co-ordinate the seizure and disposal of the secured assets to ensure maximum value is realized for investors*"; "*report to the board of directors on the asset values held as security against an investment";* and "*holding a charge over the company behind an investment*". The Respondent did not dissent (in particular, from the third such objective), and provided his career details.

19.3 Indeed, when interviewed by the SFO, the Respondent stated "*I'd have to go back and look at the debenture but I'm pretty sure that a debenture has err has … could most debentures do uhm yeah an information requirement more or less on demand*" [**JW1, p1073**]. The Respondent was referencing the provision at clause 6.13(a) of the Debenture.

19.4 Further, the Respondent explained at his SFO interview that he had previously declined AT's invitation for the firm to act as security trustee on the grounds "*we were not equipped as a law firm to provide those services being in mind that … we're a small firm*" [**JW1, p1030**]. The Respondent has not explained why he took a different view when asked to do AT a favour, nor has he explained what "services" he anticipated the firm would be unable to cope with in circumstances where his case to the SRA and SFO has been that GST had no meaningful role to fulfil (cf the Respondent at [**JW1, p840**] that *"there was nothing for GST to actually do*" and "*GST was not required to provide any kind of supervision or oversight of LCF*").

20. The Respondent's misunderstanding of his responsibilities as director of GST is a direct consequence of the Respondent accepting roles at GST which he could not properly accept, and should not have accepted. Further, it is itself clear evidence of having subordinated the interests of GST and the bondholders to the interests

of others, including AT and himself. The Respondent understood that AT had an unspecified "residual interest" in the entities borrowing from LCF [**JW1, p1000-1001, 1010**].

21. Following the administration of LCF, disputes arose as to how the secured assets should be dealt with and what role (if any) GST should play. In a 9 April 2019 opinion [**JW1, p841-849**], Matthew Collings KC advised at [17-18] that:

"*As a trustee, the Security Trustee obviously owes fiduciary duties to the bondholder beneficiaries. It is the Security Trustee's duty to get in assets for the benefit of the bondholders in accordance with the debentures granted in its favour by LCF*.

"*I cannot see how it is appropriate for Mr Lee to be on both sides of that arrangement: as LCF's former solicitor, and as the human face of the Security Trustee. To put it another way, given Mr Lee's dual roles, I cannot see how the Security Trustee's undivided duty of loyalty is not compromised*."

22. Shortly after this opinion was provided to him, on 18 April 2019, Mr Lee resigned his directorship of GST. He has subsequently claimed that this was without prejudice to his contention that he was not conflicted, but to avoid becoming "*the story*" himself [**JW1, p1064**]. The Respondent retained his 50% shareholding in GST thereafter, and until at least December 2019.

23. Subsequently, by a judgment handed down on 10 December 2019 [**JW1, p716**], Chief Master Marsh ordered that GST be removed as trustee. In the course of his judgment (to which Rule 32(2) is again applicable), he concluded:

"34 Mr Lee resigned on 18 April 2019. It is surprising that he did not reflect on his position some time previously. In view of his firm's involvement with LCF and its lenders, he could never have been a suitable candidate to act as a director of GST.

"47 As I have indicated, it should have been obvious to Mr Lee that he should not have acted as a director of GST in light of his professional involvement with LCF and its borrowers."

24. In the period April – December 2018 (during the whole of which the Respondent improperly acted as director at GST), bondholder monies raised by LCF were around £100,000,000: see the graph in the Miles J judgment at [66] [**JW1, p19**].

Breaches of Principles and Code

Principle 2 SRA Principles 2011 (integrity)

25. In *Wingate v Solicitors Regulation Authority v Malins [2018] EWCA Civ 366*, it was said that integrity connotes adherence to the ethical standards of one's own profession. Being in an "obvious" conflict for over 12 months is a demonstrable failure to live up to the higher standards expected of the solicitors' profession. Matters are aggravated further by the Respondent not taking steps to monitor the sufficiency of the bondholders' security interests, for example seeking relevant information pursuant to his overriding obligation to preserve and safeguard trust assets and/or clause 6.13 of the Debenture, and then assessing the same. In consequence of not recognizing the obvious conflict he was operating under, the Respondent prevented GST and the bondholders from receiving the direction and leadership they were entitled to expect. Bondholders' significant losses are due in part to such lack of action and inattention by the Respondent in the relevant period. As noted, LCF raised around £100,000,000 from bondholders in the period the Respondent was director at GST. These failings are especially serious given what the Respondent did understand the manner in which LCF operated – see paragraphs 17 to 20 above.

26. Further, the Respondent preferred, to the detriment of the interests of bondholders / GST, his paying clients' interests (and thus, his own financial interests) including LCF and its CEO, AT, whom the Respondent understood to have a "residual interest" in the borrowers.

27. The Respondent therefore breached Principle 2 of the SRA Principles 2011.

Principle 6 SRA Principles 2011

28. The conduct alleged also amounted to a breach by the Respondent of the requirement to behave in a way which maintains the trust placed by the public in them and in the provision of legal services. The Respondent was in an obvious conflict for over 12 months. He should never have accepted any role or interest in GST, as Chief Master Marsh concluded. He was obviously not in a position to provide "single-minded loyalty" to GST / the bondholders. Any solicitor should have recognized the obvious conflict, and acted accordingly. The Respondent has not suggested that he took appropriate professional advice on this matter at any material time. Failure to recognise the obvious conflict and act accordingly fundamentally undermines public trust in the profession.

29. The Respondent therefore breached Principle 6 of the SRA Principles 2011.

Outcome 3.4

30. Outcome 3.4 provides that "*you do not act if there is an own interest conflict or a significant risk of an own interest conflict*". An "own interest conflict" was defined as "*any situation where your duty to act in the best interests of any client in relation to a matter conflicts, or there is a significant risk that it may conflict, with your own interest in relation to that or a related matter*". The Respondent had an own interest conflict (or there was a significant risk of the same) throughout the period 31 March 2018 to 18 April 2019. His duty to his clients (LCF) conflicted with his interests in GST, and he was prohibited from acting for them in the relevant period.

31. The Respondent therefore failed to achieve Outcome O3.4 of the Code of Conduct 2011.

The SRA's investigation

32. A Notice dated 3 September 2024 [**JW1, p1140-1169**] was sent to the Respondent, to which he replied with the representations at [**JW1, p1170-1186**].

33. On 22 December 2024, an Authorised Officer of the SRA decided to refer the Respondent's conduct to the Tribunal [**JW1, p1187-1191**].

I believe the contents of this statement are true.

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Jonathan White

Dated this 30th day of July 2025

Sensitivity: General

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APPENDIX 1 TO STATEMENT PURSUANT TO RULE 12 (2) SOLICITORS (DISCIPLINARY) PROCEEDINGS RULES 2019

Relevant Rules and Regulations

SRA Principles 2011

You must:

Principle 2	Act with integrity
Principle 6	behave in a way that maintains the trust the public places in you and in the provision of legal services

SRA Code of Conduct 2011

Outcome 3.4	you do not act if there is an own interest conflict or a significant risk of an own interest conflict;